



Strategic Plan

for Enhancing the

Freight Transportation System *in Support of*



Business Retention
and Expansion

in

Louisiana

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and Development

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Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

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Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Introduction and Overview

Freight movement is a key component of Louisiana's history, culture, and economy. With a desire to better understand the transportation needs for strengthening Louisiana businesses, the Departments of Economic Development, and Transportation and Development initiated the development of a strategic plan for enhancing the freight transportation system in support of business retention and expansion. The process began with the two agencies jointly hosting the Louisiana Freight Symposium on November 14, 2008 in New Orleans with the specific purpose of identifying opportunities to expand and strengthen freight transportation business and related economic activity in the State, including regulations, funding, policies, and infrastructure. The Symposium was attended by executives from the private sector across the full spectrum of shippers and freight transportation service providers.

The major components of the Symposium were two breakout sessions, namely "Strategically Positioning Louisiana's Freight Transportation System" in which participants were asked to identify opportunities to improve the competitiveness of the State's freight transportation system and "Identifying and Pursuing Transportation Infrastructure Priorities" in which participants were asked to identify infrastructure and connectivity improvements needed to strategically position Louisiana for current and future market opportunities. A recap of the input received in the two breakout sessions was presented at the conclusion of the Symposium.

Twenty strategies were developed from the many recommendations received at the Symposium. These were organized into five groups around two objectives. A description of the issue or opportunity, an action plan, an implementation cost, and an implementation schedule were prepared for each strategy.

A draft strategic plan comprised of the two objectives and 20 strategies was presented at the Louisiana Freight Transportation Summit on September 15 and 16, 2009 in New Orleans. The purpose of the Summit was to receive feedback on the draft plan. All of those attending the November 2008 Freight Symposium were invited to attend Summit. In addition, public officials from federal, state, and local agencies were invited including staff from the metropolitan planning organizations.

The Summit agenda included five sessions corresponding to the five strategy groups. During each session, the recommendations from the Freight Symposium were reviewed followed by a presentation of the pertinent strategies and action plans. Each session concluded with an opportunity for questions, comments, and open discussion. Participants were encouraged to submit additional comments following the Summit.

An overview of the final Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana is provided on the following page.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Objectives

1. To expand and strengthen freight transportation business and related economic activity in Louisiana, including regulations, funding, policies, and infrastructure.
2. To pursue strategic opportunities for business growth and to remove barriers in order to create a more efficient and reliable intermodal freight transportation system in Louisiana.

Strategies

Group I: Economic Development - Tools to Improve Goods Movement

- Create a vision for Louisiana
- Market opportunities for the State
- Improve workforce development and training opportunities
- Develop a seamless intermodal system for goods movement

Group II: Lowering the Costs of Doing Business and Improving Customer Service

- Improve maritime industry coordination and service
- Address efficiency and customer service in oversize and overweight truck permitting, weight enforcement, and credentialing
- Increase rail operating efficiencies and volumes along the Mississippi River industrial corridor from New Orleans to Baton Rouge
- Review local taxation of freight transportation system infrastructure and cargo
- Enhance soft infrastructure (i.e., international banking, freight forwarding services, education, etc.) in support of international trade

Group III: Mitigating Business Risks – Transportation Safety, Hurricane Preparation and Recovery

- Enhance freight transportation system safety
- Facilitate hurricane preparation and recovery

Group IV: Building a More Efficient and Reliable Freight Transportation Infrastructure

- Operate, maintain, and upgrade the marine transportation system
- Operate, maintain, and improve trunkline highway system
- Facilitate resolution of rail bottlenecks, maintain viability of short-line railroads
- Invest in air cargo facilities as justified by market demand and opportunities
- Improve access to intermodal terminals
- Engage metropolitan planning organizations / local officials in freight system planning and improvement

Group V: Financing Improvements for Louisiana's Freight Transportation System

- Implement DOTD's 7-Year Capital Investment Plan
- Focus State resources on the transportation system most important to freight movement, tourism, and business travel
- Pursue opportunities for public-private partnerships

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Economic Development - Tools to Improve Goods Movement

Strategy: Create a vision for Louisiana

Description of Issue or Opportunity:

At the Freight Symposium in November 2008, participants asked if the State had a strategic plan or had identified any industries where the State will focus its efforts to retain, expand, and attract businesses. By identifying certain key industries, the State may be better positioned to provide the necessary infrastructure. Concerns were expressed that simply developing a vision, without tangible outcomes will not be beneficial to Louisiana and would hamper future development.

Also at the 2008 Freight Symposium, several participants indicated that Louisiana remains a difficult place to do business and that other states have been more aggressive in facilitating the business development process. The concern not only applies to the State but to local governments as well. Louisiana needs to examine how other states have streamlined their business development process. Finally, one participant recommended the State develop a manual or handbook on how to do business in Louisiana.

Action Plan:

The Louisiana Department of Economic Development (LED) leads economic development for the State of Louisiana. Its efforts are focused on repositioning Louisiana as the next great American state for business investment, quality of life, and economic opportunity. LED concentrates its activities around eight major priority areas:

1. Increase our state economic competitiveness: Our marketing and business development efforts at the state and local levels are important in securing new investment and job creation for our state. But the vast majority of business location decisions are driven by fundamentals, such as labor quality, availability and cost; the tax and regulatory environment; quality-of-life factors (e.g., public education, crime and recreational amenities); and transportation assets. Accordingly, LED has developed a new State Economic Competitiveness (SEC) Group with dedicated staff to develop public policy recommendations and industry-specific strategies designed to make Louisiana a much more attractive place in which to invest.

2. Enhance the competitiveness of our local communities: Although companies consider a variety of state-level issues (e.g., business taxes) when selecting locations for new business investment, they primarily consider local and regional issues, such as the quality, cost and availability of trained workers and quality-of-life factors (e.g., the perceived quality of public school options). LED is providing technical resources, training, matching grants and benchmarking support to help each of our communities position themselves to compete. We already have taken several positive steps in this regard, including the launch of the Louisiana Community Network, a web-based suite of educational modules focused on increasing local economic development capacity.

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Strategy: Create a vision for Louisiana
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3. Cultivate top regional economic development assets: As LED fulfills its mission of leading economic development for the state of Louisiana, we do so with an overall approach that recognizes that each of our state's eight economic regions is unique, and each region has its own unique assets. LED provides focused leadership to cultivate and develop top regional assets -- assets that could create a thousand or more high-paying jobs with the right level of focus and support. Recent examples of targeted investments recommended by LED, each of which will create over 1,000 new high-paying jobs, include Pennington Biomedical Research Center, Barksdale Air Force Base, and NASA's Michoud Assembly Facility.

4. Focus on business retention and expansion: The vast majority of new job growth -- and 100 percent of our job losses -- will come from the businesses already located in Louisiana. With this in mind, LED has established a new business expansion and retention group focused on assertively reaching out to the roughly 1,000 top economic driver companies in the state, which collectively are responsible for over half of Louisiana's total economy. LED manages expansion and retention projects just as aggressively as we do business recruitment projects; in 2008, over 90 percent of LED's discretionary incentives went to support expansions of existing Louisiana companies.

5. Develop national-caliber business recruitment capabilities: Although most job-creation opportunities will come from cultivating businesses already located in Louisiana, our state will still execute an aggressive business recruitment program to capture a disproportionate share of the relatively few large projects that locate in the United States each year, as well as to attract investment in new, high-growth industry sectors that can diversify our economy. LED continues to benchmark our business recruitment efforts for each stage of the process -- from lead generation to service after the sale -- to clarify what represents national caliber execution and identify gaps that we need to close to ensure we are consistently executing at a national-caliber level.

6. Cultivate small business, innovation, and entrepreneurship: So much of Louisiana's economic success historically has been derived from our geographic assets (e.g., oil and gas deposits, Mississippi River) and branch plants of large corporations (e.g., Dow, ExxonMobil) that we haven't done enough as a state to cultivate small business and entrepreneurship. We lack sufficient access to early-stage capital to catalyze new business formation, and we have fallen behind in our support for small business and entrepreneurship in our state. LED strives to reposition Louisiana as one of the best places in the country in which to start and grow a small business, as well as to create a more vibrant entrepreneurial culture in our state.

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Strategy: Create a vision for Louisiana
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7. Develop robust workforce solutions: Developing a strong workforce is a fundamental element of building a competitive business environment and attracting key economic-driver companies to Louisiana. As such, LED maintains a significant focus on building and improving workforce solutions through the continued development of the new Louisiana Fast Start program – a high-impact, fully customized employee recruitment, screening, and training services solution for new and expanding companies in Louisiana largely modeled after the award-winning Georgia Quick Start program. Additionally, LED is working to help enhance the ability of in-state higher education institutions to meet workforce needs.

8. Aggressively tell the story of the Louisiana Renaissance: One of the greatest challenges facing economic development in our state is the relatively negative perception of Louisiana held by some business executives in the United States and around the world. To create a brighter economic future for Louisiana, we must convey to business executives that Louisiana is positioning itself to become the next great American state for business investment, quality of life, and economic opportunity. LED is implementing fresh new marketing and advertising strategies, including a national-caliber new website and marketing collateral; securing earned media by continuing to enact bold public policy reforms and deliver impressive business development wins; and publishing a quarterly economic development publication targeted at out-of-state business executives (and also shared with selected in-state leaders) to communicate economic development progress and opportunities in Louisiana.

Implementation Cost: N/A

Implementation Schedule: Underway and ongoing.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Economic Development - Tools to Improve Goods Movement

Strategy: Market opportunities for the State

Description of Issue or Opportunity:

Participants at the Freight Symposium, held in November 2008, voiced the need for a cabinet level office actively engaged in promoting international trade regardless of transportation mode. Regarding the Panama Canal expansion, participants also believe Louisiana is in a good position to tap into the increased trade opportunities, but the State must be committed to not only addressing port needs, but the potential linkages to other markets within the country. Further, there should be recognition that most growth will come from firms expanding local operations as opposed to businesses moving into the state. Lastly, the State should market the freight transportation system as an asset that Louisiana has to offer to economic development prospects.

Action Plan:

State Transportation Economic Development Official

Recognizing the highly influential and integrated role of transportation in Louisiana's economy, Louisiana Economic Development recruited a professional in April 2008 with significant transportation policy expertise. A senior level business director, LED's Director of Federal Programs serves specifically as a transportation liaison, representing the interests of all modes and users.

The Director of Federal Programs supports transportation economic development by collaborating with federal, state and local government partners, particularly the Louisiana Department of Transportation and Development (LA DOTD), while likewise coordinating with LED business directors representing international trade, agriculture, durable goods, energy, technology, and manufacturing. Together, these stakeholders endeavor to promote policies and initiatives that maximize Louisiana's transportation strength.

Engaging New International Trade Opportunities

With a Gulf of Mexico location, several deepwater ports placed along the Mississippi River, and six Class One railroads, Louisiana has long played an important role in international trade for bulk and break bulk cargo. A variety of trends and developments are converging at the same time to create the potential for significant port development in Louisiana that could create thousands of high-paying jobs.

Domestic west and east coast port facilities are running at capacity with little room to expand, causing great delay and expense to the world's steamship lines. The expected 2014 widening of the Panama Canal will allow larger container ships from Asia and the west coast of South America to arrive in the Gulf of Mexico, thus directly serving the most consuming parts of North

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Strategy: Market opportunities for the State
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America. Accordingly, maximized container port capacity along the Mississippi River could potentially attract these larger ships, significantly improving the shipping companies' asset utilization while increasing Louisiana economic opportunity.

Louisiana Economic Development in cooperation with LA DOTD is nearing completion on an comprehensive effort begun in June 2009 that includes a market and financial feasibility analysis of increased container capacity in Louisiana and—if such an endeavor is determined to generate net positive economic benefits to Louisiana citizens based on the estimated future tax revenues relative to any required publicly-funded costs—a development strategy and prioritized action plan for state and local governments, as well as port authorities, to capture this new opportunity.

This initiative occurs alongside LED's existing efforts to increase international trade led by the department's business directors for International Trade, Agriculture, Technology, Energy, and Durable Goods.

Growing Existing Businesses

LED further recognizes that for Louisiana's transportation economy to thrive, success begins with maintaining and strengthening the State's current business infrastructure. In 2008, 71 percent of LED's business development wins were expansions of Louisiana companies, and nearly 95 percent of discretionary incentives went to existing businesses. In January 2009, LED announced the creation of the state's first-ever Business Expansion and Retention program, a \$400,000 initiative shaped out of months of research on leading strategies and existing programs nationwide.

The Business Expansion and Retention Group's model allows company officials to share information about their markets, products and services, expansion plans, management, workforce, technology, utilities, infrastructure and local public services. The confidential information is processed in a sophisticated business information system called Synchronist, which manages data, plots trends and records follow-ups. Louisiana was the first state in the country to integrate the latest version of Synchronist, a Web-based economic development tool with a variety of applications. LED officials use it to reveal issues that support or hinder progress with high concentration on addressing the expansion and retention needs of Louisiana's existing businesses.

Transportation Stakeholder Outreach

Attempts have been made for decades to acknowledge the strategic importance of Louisiana's transportation economy by inviting private sector stakeholders to advise State government on policies and initiatives to strengthen and optimize our transportation infrastructure.

Notably, the Governor's Maritime Advisory Task Force was organized to represent the unique interests of the State's maritime economy and its powerful role in Louisiana's intermodal commerce.

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Strategy: Market opportunities for the State
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The Louisiana Department of Transportation and Development and the Department of Economic Development are currently engaged in an effort to reinvigorate the intent of the Maritime Advisory Task Force with a robust, dynamic and sustained mission designed to raise the involvement of private sector partners to a level that will produce extraordinary results on behalf of the State's transportation economy.

The Departments hope to finalize this initiative in the fall of 2009.

Implementation Cost: N/A

Implementation Schedule: Underway and ongoing.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Economic Development - Tools to Improve Goods Movement

Strategy: Improve workforce development and training opportunities

Description of Issue or Opportunity:

A skilled workforce is critical to Louisiana's economic future. Given generational turnover, employment issues will become increasingly important. The state continues to suffer from skilled labor shortages. Many of the jobs in the transportation sector require technical or vocational degrees, yet training programs in the state are limited. For example, Louisiana has a high number of employees in the marine industry but they must train out of state, primarily in Texas. A Marine Training Institute could provide significant benefits to Louisiana businesses. Similarly, the state needs more training facilities for aircraft mechanics. Further, the State should encourage businesses to be directly involved with schools to ensure reliable workers are available in the future. This could be supported through tax credits for apprenticeships or other programs.

Action Plan:

Louisiana's marketing and business development efforts at the state and local levels are important in securing new investment and job creation for our state. But the vast majority of business location decisions are driven by fundamentals, such as labor quality, availability and cost; the tax and regulatory environment; quality-of-life factors (e.g., public education, crime and recreational amenities); and transportation assets. Accordingly, the most important thing we can do to create a brighter economic future for our state is to increase our state economic competitiveness -- to make Louisiana a more attractive place in which to invest.

Gov. Bobby Jindal and the Louisiana Legislature already have taken several constructive steps in this regard. Included among these efforts was a plan by the Governor and Legislature to improve the effectiveness of our community and technical colleges, provide turnkey workforce solutions to expanding and relocating businesses, and ensure that our workforce programs are driven by real business needs: Louisiana FastStart.

Managed by Louisiana Economic Development (LED), Louisiana FastStart is a single-source, world-class, workforce solutions provider that works with businesses to anticipate and address the company's workforce needs early in the startup or expansion process. Louisiana FastStart's services are provided at no cost through Louisiana Economic Development.

The primary benefit Louisiana FastStart offers businesses is a strategic and integrated workforce solutions program that delivers results.

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Strategy: Improve workforce development and training opportunities
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The Louisiana FastStart Process

- Project Evaluation - LED examines a company's operations, review and document processes and consult with the company's team.
- Workforce Solutions Plan - Develop timelines, draft workforce training plan and recommend media, classes and activities needed for successful launch of operations.
- Material Development - Develop an instructional system design plan, as well as performance-based pre- and post-employment classes for the business' organization.
- Pre-Employment Identification - Provide courses to screened candidates, including classroom and job simulation exercises.
- Course Delivery - Conduct classes wherever and whenever needed to provide the best experience for the company, the candidates and the newly hired team members.
- Evaluation & Feedback - Repeat process and review for continuous improvements.

Louisiana FastStart also offers customized training, core skills training and other training programs.

Louisiana FastStart is available at no cost to any manufacturing, corporate headquarters, warehouse and distribution, research and development or other strategic facility that commits to creating at least 15 new jobs, or any service-related operation that commits to creating at least 50 new jobs.

The Louisiana Workforce Commission (LWC) likewise conducts regular industry assessments to determine workforce needs while also responding to business and industry's acute, immediate needs. One dynamic program is the Incumbent Worker Training Program (IWTP), which is a partnership between the LWC, business and industry, and training providers. The IWTP is designed to benefit business and industry by assisting in the skill development of existing employees and thereby increasing employee productivity and the growth of the company. These improvements are expected to result in the creation of new jobs, the retention of jobs that otherwise may have been eliminated, and an increase in wages for trained workers. The program is funded by a portion of Unemployment Insurance (UI) tax contributions dedicated solely for customized training.

The IWTP Small Business Employee Training Program (SBET) is designed to benefit business and industry by assisting in the skill development of existing employees through individual, standardized (off-the shelf) training. Employers are reimbursed for tuition and required textbooks and manuals once the training has been completed and proper documentation has been submitted to the Louisiana Workforce Commission (LWC). Training costs cannot exceed \$3,000 per trainee per state fiscal year (July 1 - June 30). Funding is provided through the Workforce Development Training Account, at 2.3 percent of all IWTP funds available.

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Strategy: Improve workforce development and training opportunities
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Finally, DOTD and LED will continue to work with the LWC to assess transportation industry workforce needs and to establish special training as appropriate.

Implementation Cost: N/A

Implementation Schedule: Underway and ongoing.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Economic Development - Tools to Improve Goods Movement

Strategy: Develop a seamless intermodal system for goods movement

Description of Issue or Opportunity:

The development of an integrated, seamless intermodal freight transportation system has been a long-standing public policy objective. Private companies with multimodal assets have been much more successful in this effort than the public sector. Public financing for transportation infrastructure, equipment, and services has been established on a mode-specific basis with little flexibility to engage other modes to facilitate goods movement even though such cooperation is in the public's best interest. Constituencies have formed around each transportation account to seek the establishment of rules and regulation that dedicate a certain percentage of transportation tax revenues to various modes and to restrict the use of these funds. Such rules and regulations lead to expenditures for facilities and services that may not necessarily provide the highest return on investment. This is a common problem in public policy that extends well beyond transportation.

Action Plan:

The ability to examine goods movement from origin to destination without modal bias is key to maximizing return on investment. Barriers to the integration of the freight transportation system must be identified and removed. Objective decision-making, based on sound economic analysis, is needed to increase freight transportation business and related economic activity in Louisiana.

In this regard, the State proposes to engage in a statewide analysis of goods movement to identify opportunities for, and barriers to, a more integrated, seamless intermodal freight transportation system and to identify market opportunities for Louisiana to increase its share of freight transportation business. The analysis will include an examination of current regulations, taxation, public policy, and infrastructure, and will engage the goods movement industry with minimal State influence regarding the methodology or results. In other words, facts are important; rhetoric is not.

This analysis will be supplemented with more focused and detailed regional analyses as called for elsewhere in this strategic plan. Further, the results of this analysis will be incorporated into the next update of the Louisiana Statewide Transportation Plan.

Implementation Cost: \$2 million

Implementation Schedule: The analysis can begin in FY 2010-2011 (begins July 1, 2010) and will likely last 18 to 24 months

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Lowering the Costs of Doing Business and Improving Customer Service

Strategy: Improve maritime industry coordination and service

Description of Issue or Opportunity: Louisiana is a national leader in the maritime industry, and its expansive waterway system provides a natural advantage to the state. Waterborne commerce within the state accounts for 20 percent of the nation's total with the vast majority of this activity, 83 percent, occurring along the Lower Mississippi River and the Calcasieu Ship Channel. The corresponding port system consists of 39 separate public entities and numerous private docks and terminals. As a unit, this network handles approximately 498 million tons of cargo a year, of which 227 million is foreign trade.

There are five deep draft public ports along the Mississippi River from the mouth to Baton Rouge (the Ports of Plaquemines, St. Bernard, New Orleans, South Louisiana, and Baton Rouge). This is the largest port complex in the world. Today the five ports compete with each other over limited business. Improved coordination would present a unified face to the international maritime community. The international trade community still thinks in terms of only the Port of New Orleans on the Mississippi River. There have been recommendations over the years to consolidate the five ports on the river or, at least, the lower three ports (i.e., the Ports of Plaquemines, St. Bernard, and New Orleans). All these options have been rejected by the Legislature. Local governments consider ports as an economic engine for their local economy and reject any consolidation proposals.

Better coordination among the ports would work to improve service with the maritime industry and increase competitiveness with other ports outside of Louisiana, particularly along the Gulf coast.

There are three pilot associations that operate between the sea buoy and Baton Rouge. The Associated Branch Pilots (Bar Pilots), organized in 1879, operate between the sea buoy and Pilottown, which is two miles above the Head of Passes (AHP). The Crescent River Port Pilots, organized in 1908, navigate between Pilottown and the Huey P. Long Bridge (river mile 105). The New Orleans Baton Rouge River Pilots (NOBRA), organized in 1942, take vessels as far upriver as the Highway 190 Bridge at Baton Rouge (river mile 234). The only variation is when a vessel is heading upriver to a berth on the NOBRA route, the Crescent Pilot will turn over the con to the NOBRA Pilot just below the City between the Algiers Canal (river mile 88) and Port Ship Services (river mile 90.5). This is also true for downriver bound vessels which originate on the NOBRA route and are destined foreign or to terminals below the Algiers Canal crossing. The NOBRA Pilot will actually navigate the ship through the City to the aforementioned handoff stretch.

Group: Lowering the Costs of Doing Business and Improving Customer Service
Strategy: Improve maritime industry coordination and service
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Action Plan: The State's role in improving maritime industry coordination and service is one of facilitator and mediator. Better coordination among the five lower Mississippi River ports, the three pilot associations, and the industry partners including stevedores, longshoremen, and trucking companies to increase ship calls and tonnage will benefit all parties involved. The Louisiana Statewide Transportation and Infrastructure Plan includes two elements pertinent to this discussion:

- Fund a Statewide Maritime Marketing Program – this program would market Louisiana ports in a unified fashion and would provide coordination among individual marketing efforts.
- Study the economic competitiveness of Louisiana ports – this study would examine all aspects of port competitiveness to determine strengths and weaknesses, and make objective recommendations. The potential volatility of this study is recognized; however, the State has an obligation to explore all avenues to grow Louisiana's economy.

Implementation Cost:

- Statewide Maritime Marketing Program = \$1 million annually
- Louisiana Port Economic Competitiveness Study = \$1.5 million

Implementation Schedule: Both initiatives can begin in State Fiscal Year 2010 – 2011 (begins July 1, 2010).

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Lowering the Costs of Doing Business in Louisiana and Improving Customer Service

Strategy: Address efficiency and customer service in oversize and overweight truck permitting, weight enforcement, and credentialing

Description of Issue or Opportunity:

Roads and bridges are designed to accommodate vehicles of certain dimensions and weights. At times there is an economic need to move cargo that exceeds these dimensions and/or weights. To protect public safety and reduce damage to state highway infrastructure, oversize or overweight truck movements require a permit from the Louisiana Department of Transportation and Development (LA DOTD). Some permits are single-trip, route and time specific; others are not. In addition, the State enforces weight and size statutes to protect public safety, to protect the integrity of public infrastructure, and to ensure a level playing field in a highly competitive transportation industry. The efficiency of customer service in applying rules and regulations is paramount in facilitating commerce and reducing administrative costs to business and industry.

Action Plan:

LA DOTD has implemented significant customer service enhancements in recent years and seeks further improvements. These are outlined below:

Oversize and Overweight Permitting

Legal weight limitations are set by the federal government for Interstates and the state legislature has authority for state highways. State legislation has been enacted which allows certain types of goods, vehicles and loads to be transported by permit at weights and dimensions higher than the legal limitations. Agricultural products transported from the field as well as large cranes are two examples of loads allowed by permit under Louisiana statute.

LA DOTD currently administers the permitting of oversize and overweight vehicles through the Weights and Standards Truck Permit office under the laws established in RS 32:380-387.18. These statutes provide for 27 different types of permits to be issued. Although this is a large number of permit types, the majority of the permits issued by DOTD fall under two categories of single trip permits: oversize and overweight. The attached table shows the breakdown of types, number issued and revenue generated by each class of permit for calendar year 2008. Eighteen of the 27 permits are issued on an annual basis. Three types of overweight permits vary in price based on the weight and distance traveled.

Over the years, new types of permits have been added and existing requirements modified for various permits. Fee increases have been relatively infrequent. The cost for some of the annual oversize and/or overweight permits in Louisiana was last modified in 1997, when the Forest Management and Refuse/Waste permits were raised to \$10. It is interesting to note the fee for the single most frequently utilized permit, single trip oversize permits at \$10 per trip, has not been adjusted since 1986.

Group: Lowering Cost of Doing Business in Louisiana and Improve Customer Service
Strategy: Address efficiency and customer service in oversize and overweight truck permitting, weight enforcement, and credentialing

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The largest category of permits issued in Louisiana is for oversize loads and vehicles. These permits cost \$10 per trip per day. This includes loads such as mobile homes, utility poles and any other cargo which might be over dimensional in width, length or height but not overweight. In contrast, Texas charges a minimum of \$60 for oversize loads under legal weight except for manufactured housing. Permits for manufactured housing in Texas are \$40 for a single trip and valid for five days. Louisiana mobile home permits cost \$10 per trip and are valid for 72 hours. Mississippi single trip oversize permits cost \$10 and are valid for three days. Mississippi permits for manufactured housing are \$10 per trip for loads within legal weights.

The second largest category of permits issued in Louisiana is single trip permits for overweight vehicles. These fees are based on a weight table and vary depending on weight and distance traveled. For example, the fee for a 5 axle truck carrying 100,000 pounds would vary from \$30 to \$100 depending on the distance traveled. In comparison, a similar truck in Texas would be charged a fee of \$210 regardless of distance; in Mississippi, the fee is based on the excess weight above 80,000 pounds and the distance traveled. The same truck traveling in Mississippi would be charged a minimum fee of \$10 up to \$200 depending on distance.

A review of the 2008 distribution of weights in the single trip permit category shows that 40 percent of the overweight permits issued were for loads of 80,000 to 100,000 pounds. Further review shows 65 percent of the single trip overweight permits were issued for loads of 80,000 to 120,000. Comparatively, the fees charged for single trips in Mississippi and Texas are higher for similar trips in these lower weight classes. The attached chart shows the fees charged for vehicles with 5 axles or more in Louisiana compared to Mississippi and Texas for weight classes up to 132,000 pounds. Although, Louisiana fees for permits in lower weight classes are relatively lower than those of the neighboring states, the fees charged for superloads are significantly higher.

The third and fourth largest categories of permits issued in Louisiana are Harvest Permits and Agronomic/Horticultural Permits. Annual Harvest permits allow up to 86,600 pounds for the \$10 permit. Louisiana also allows up to 100,000 pounds for Agronomic/ Horticultural commodities for an annual fee of \$100. Texas issues annual over axle/over gross weight tolerance permits for agricultural commodities while Louisiana and Mississippi both issue harvest permits. Texas charges a minimum of \$255 and up to \$1080 depending on the number of counties where the permitted truck will be operating. Mississippi harvest permit fees are \$25 annually. In contrast to what is permitted in Louisiana, neither Texas nor Mississippi allows divisible loads such as agricultural or forest products to be hauled on five axles at weights above 84,000 pounds.

Louisiana, Mississippi and Texas all issue some form of annual permit for overweight vehicles. Louisiana allows the purchase of a yearly permit for \$2500 for vehicles which do not exceed

Group: Lowering Cost of Doing Business in Louisiana and Improve Customer Service
Strategy: Address efficiency and customer service in oversize and overweight truck permitting, weight enforcement, and credentialing

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120,000 pounds and which meet certain dimensional requirements. Mississippi allows for an annual blanket permit for overweight vehicles up to 150,000 pounds for a fee of \$4500. Mississippi charges an additional \$100 per year if the vehicle is over the size limits of the basic annual permit. Texas allows an annual envelope permit for overweight vehicles up to 120,000 pounds and which meet certain dimensional requirements at a fee of \$4000.

Three research studies have been completed which directly address the impact that overweight vehicles have on Louisiana roads and bridges. These studies indicate that the fees currently collected for most overweight permits are significantly lower than the damage that is being caused by the allowable axle weights and gross weights of these vehicles.

The major loading factor causing damage to bridges is axle weight. Studies have shown that the damage caused by a vehicle with properly loaded axles carrying 80,000 pounds on 5 axles is more than that caused by a 100,000 pound load carrying the weight distributed correctly on 6 axles.

The following is a summary of the recommendations concerning permit fees for various types of vehicles from three studies completed by the Louisiana Transportation Research Center (LTRC). The reports are referenced at the end of this document. The annual cost of a harvest permit which allows up to 86,600 pounds on 5 axles for various commodities should be \$346. Two studies show that the cost of a permit for 100,000 pounds on 5 axles should be from \$4264 to \$5545 per year. The damage is even greater if 48,000 pound axle weights are allowed. In this case, the permit fee for an 80,000 pound truck should be \$4324 per year.

The following conclusions can be drawn from the information reported above and in the referenced reports:

- Louisiana does not collect enough in permit fees to cover administrative costs for 12 different types of permits.
- Louisiana oversize and overweight vehicle permit fees lag behind fees charged in our neighbor states, Texas and Mississippi for lower weight classes.
- Louisiana does not collect enough in permit fees to offset the damage to roads and bridges caused by overweight vehicles.

Louisiana has a large number of bridges which have a reduced load rating below the legal load of 80,000 lbs for 5 axles. Over 500 bridges on the state system have a posted load limit. In fact, 25 percent of the state system bridges were not even designed for 80,000 lb trucks. The condition of the bridge inventory is a factor in determining the routes for permit loads. The number of posted bridges can make routing a permit load a complex task depending on the access available to the desired destination and alternatives to crossing a posted bridge. Additionally, the cost of shipping increases when circuitous routes must be assigned to avoid posted bridges.

Group: Lowering Cost of Doing Business in Louisiana and Improve Customer Service
Strategy: Address efficiency and customer service in oversize and overweight truck permitting, weight enforcement, and credentialing

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The Weights & Standards Truck Permit office introduced a web based permit application using their Permits Electronic Routing Bridge Analysis (PERBA) software upgrade in February 2009. This upgrade allows certain permits to be requested and obtained electronically without the need to talk to a person.

LA DOTD now has 2,030 web customers, with a daily average of 600 to 700 permits being ordered via the website. An average of 200 permits are issued daily utilizing pre-approved routes (routes are being added daily) allowing the customer to order a permit without any human intervention 24 hours per day, 7 days per week. This improvement will further speed the issuance of permits requested by telephone. Telephone customers are experiencing reduced wait times due to the number of other customers that have switched to electronic applications.

A multi-state permitting option has been available since 1994. This option requires a bonded agent to be responsible for contacting each state for permits and collecting fees per state. Mississippi and Alabama are in the process of implementing a pilot permit on certain routes connecting each state via the Internet and will require a credit card payment for each state. LA DOTD will have to complete the credit card solution before participating in this pilot program.

Weight Enforcement

LA DOTD maintains 14 permanent fixed weigh scale operations in 8 locations around the state. At 6 of these locations weigh-in-motion technology has also been deployed to improve customer service and efficiency for the trucking industry. A new weigh-in-motion system is under construction at the Toomey scales on I-10 near the Texas state line. Weigh-in-motion technology allows trucks which are empty or within a proscribed tolerance of legal loads to bypass the fixed scale weighing process and proceed past the weigh stations without stopping. This can reduce the percentage of trucks required to enter a weigh station to be weighed to 10 percent. The technology allows only the trucks which need to be weighed by the more accurate fixed scales to be called into the weigh station to determine if a violation has occurred. Efficiency is gained here since the officers only spend time weighing trucks with a high probability of being in violation of weight laws.

LA DOTD has also partnered with Mississippi DOT to operate joint ports-of-entry on the I-55 at Kentwood/Osyka, I-59 at Pearl River and I-10 at Pearl River. This joint port-of-entry agreement allows LA DOTD officers to work in the Mississippi facilities and vice versa. The agreement offers one-stop shopping for trucks that only have one stop to make at each state line rather than stopping at an exit scale in one state and stopping again a mile down the road at an entrance scale in the next state. Reconstruction of the scale house at Kentwood on southbound I-55 is planned for this fiscal year. This will provide a new facility which is driver friendly and efficient for the operation of LA DOTD and Mississippi DOT weight enforcement officers.

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LA DOTD also has an agreement with a credentialing company, PrePass which allows commercial vehicles to bypass the scale if certain criteria are met. PrePass is an automatic vehicle identification (AVI) system that enables participating transponder-equipped commercial vehicles to be pre-screened throughout the nation at designated weigh stations, port-of-entry facilities and agricultural interdiction facilities. Cleared vehicles are then able to "bypass" the facility while traveling at highway speed, eliminating the need to stop.

Vehicles participating in the PrePass program are pre-certified. Customers' safety records and credentials are routinely verified with state & federal agencies to ensure adherence to the safety and bypass criteria established by PrePass and participating states. If an approaching PrePass-equipped vehicle's weight and credentials are found to be satisfactory, a green light and audible signal from the windshield mounted PrePass transponder alerts the driver to bypass the weigh station. Otherwise a red light and audible signal advise the driver to pull into the weigh station for regular processing.

Future plans for weigh stations include a new station to be constructed along I-49 at the Arkansas state line. Relocation or redesign of the weigh stations at Toomey along I-10 has been recommended due to the proximity of the existing weigh stations to the Sabine River relief bridges and the Vinton Welcome Center and rest area. The close proximity results in operational concerns which could be addressed with the redesign or relocation of the scale.

The Louisiana Department of Public Safety & Corrections (LA DPSC), Weights and Standards Mobile Police Force officers direct, coordinate and control the activities and duties related to the Highway Regulatory Act, as well as perform commercial vehicle inspections in accordance with CVSA guidelines to ensure compliance with Federal Motor Carrier Safety Regulations. The LA DPSC takes a proactive approach to enforce size, weight, and measurement laws and regulations. The Weights and Standards officers have received training in the Motor Carrier Safety Assistance Program in relation to tire weight rating, tire pressure, load securement, and permit regulations (speed and restrictive weight) which work in conjunction with 23 CFR.

LA DPSC has 25 one-person Mobile Units who conduct portable weighing throughout the state. In addition to the portable scales carried by each officer, LA DPSC has acquired one semi-portable scale which is used primarily on US highways with improved shoulders and sufficient area for weighing vehicles.

Each Field Lieutenant is assigned one portable weigh-in-motion (WIM) scale. The WIM scales are deployed to areas that have experienced a high number of overweight violations or areas that have received numerous complaints about overweight trucks. The WIM scales allow the officers to screen a large number of trucks with little or no interruption to the flow of traffic. Trucks pass over the WIM scales at approximately 5mph which allows a close approximation for the weight

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of the vehicle. If the vehicle is determined to be overweight, the vehicle is then pulled over and weighed with portable scales.

The LA DOTD Weight Enforcement Business Office processes many payments for violation tickets each day. If a customer elects to use a credit card, they must call the office and provide all of the required credit card information by phone. The employees then have to manually obtain the required authorizations for payments in a separate step in the process. DOTD has been working on a new on-line electronic system to allow customers to provide their secure credit card information via the Internet and process those transactions electronically. The electronic payment system is expected to be implemented by the end of 2009 for violation payments and early 2010 for purchasing permits.

Credentialing

The State presently operates an office referred to as the "One-Stop Truck Center where all credentials necessary to operate a truck in Louisiana may be obtained. It is physically located in Baton Rouge. The Statewide Transportation Plan calls for creating a "virtual" One-Stop Truck Center via the Internet to expand access while eliminating the need for a physical office.

Implementation Cost:

- \$13 million to reconstruct the Toomey eastbound weigh station
- \$13 million to construct a new I-49 weigh station at the Arkansas state line
- \$1 million to develop virtual one stop truck center

Implementation Schedule: Progress contingent upon federal and state funding

References:

1. "Preliminary assessment of Pavement Damage Due to Heavier Loads on Louisiana Highways," LTRC Report No. 321, May 1999.
2. "Effects of Hauling Timber, Lignite Coal and Coke Fuel on Louisiana Highways and Bridges," LTRC Report No. 398, March 2005.
3. "Evaluating the Effects of Heavy Sugarcane Truck Operations on Repair Costs of Low Volume Highways," LTRC Report No. 425, November 2008.

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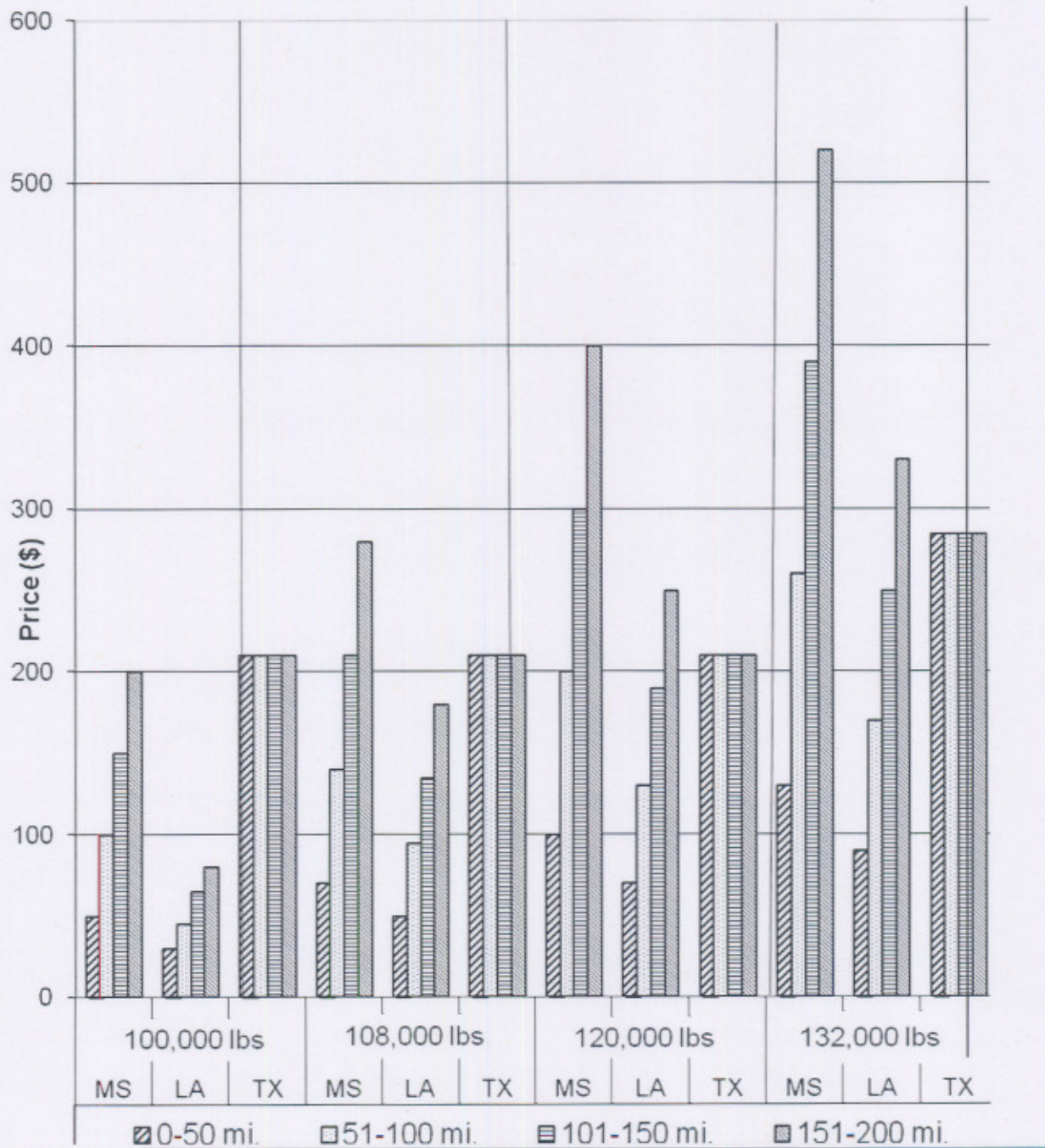
Permits issued by DOTD in 2008

Type	Unit	Number Issued	Amount Collected	Current Fee (\$)
Oversize	trip/day	95,291	\$1,539,625	10
Overweight (weight amount / distance traveled)	weight and distance	90,657	\$15,972,034	varies by class and weight
Harvest Season	annual	8,098	\$80,980	10
Agronomic/Horticultural	annual	2,448	\$245,280	100
Container Cargo Class 1	annual	1,658	\$83,130	50
Yearly Oversize	annual	1,224	\$573,190	500
Annual Oversize/Overweight	annual	1,202	\$2,809,910	2500
Timber Cutting/Logging Equipment	annual	333	\$33,300	100
Annual non-Critical Off-Road	annual	258	\$252,010	1000
Semi-Annual Critical Off-Road(weight amount / distance traveled)	weight and distance	252	\$659,785	varies by class and weight
Liquid Bulk	annual	238	\$46,600	200
Forest Management	annual	194	\$1,940	10
Solid Waste	annual	182	\$9,340	50
Cotton Module	annual	85	\$4,250	50
Refuse	annual	58	\$59,980	1000
Steering Axle	annual	56	\$840	15
Forest Products	annual	53	\$530	10
Container Cargo Class 2	annual	41	\$21,300	500
Monthly Oversize	day	33	\$4,465	10
House Movers Equipment	month	31	\$2,190	15
Refuse Waste	annual	24	\$240	10
Oilfield Special Equipment	month	24	\$690	15
Multi-State Oversize	10 days	23	\$230	10
Pleasure Craft	30 days	5	\$50	10
Multi-State Overweight (weight amount / distance traveled)	weight and distance	3	\$570	varies by class and weight
Waste Vehicle	annual	1	\$10	10
Container Cargo Special Commodity	annual	0	\$0	750
Totals		202,472	\$22,402,469	

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**Three State Comparison of Permit Fees for
Truck Weights & Range of Miles Traveled**



Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Lowering the Costs of Doing Business and Improving Customer Service

Strategy: Increase rail operating efficiencies and volumes along the Mississippi River industrial corridor from New Orleans to Baton Rouge.

Description of Issue or Opportunity:

Petrochemical industries, oil refineries, and agricultural and port facilities line the Mississippi River from New Orleans to Baton Rouge. The freight volumes generated by these industries and ports are tremendous; however, growth in the marketplace is limited by product price and delivery time. The competitiveness of Louisiana industries is questionable when compared with industries in other industrial corridors.

The corridor is presently served by four rail carriers; three Class I railroads (UP on the west side, and CN and KCS on the east side) and the New Orleans Public Belt which is a switching railroad that provides service to all six Class I carriers that operate in New Orleans Rail Gateway. Improving rail operating efficiencies in this corridor to increase market share and the volumes shipped is in the interest of both the industries and the carriers. Market opportunities may exist for increased product sales under the right conditions of price and quick or just-in-time delivery. With such large product quantities, even small increases in market share can result in high yields for the parties involved. A good analogy is that of a toll road where the toll rates are adjusted to maximize net revenue.

Action Plan:

The State proposes to engage the petrochemical industry, refineries, the Ports of New Orleans, South Louisiana, and Baton Rouge, and the four corridor railroads in an effort to grow market share and the volumes shipped thereby increasing the net revenues of all parties, including the State of Louisiana. The evaluation should consider the sensitivity of both transportation and production costs, of rail service quality, and of delivery times on market share. The use of independent consultants as facilitators and for in-depth market and economic analyses will be necessary. Legislation may be needed to allow survey responses, data, and analyses to remain confidential in perpetuity. It is recognized that this is a potentially inflammatory issue; however, the State has an obligation to explore all avenues to grow Louisiana's economy.

Implementation Costs: \$1.5 million

Implementation Schedule:

- Legislation pertaining to confidentiality will need to be introduced in the 2010 Regular Session of the Louisiana Legislature.
- The evaluation can begin in FY 2010-2011 (begins July 1, 2010) and will likely last 24 months to allow time for each industry, port, and railroad to conduct their own internal analyses.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Lowering the Costs of Doing Business and Improving Customer Service

Strategy: Review local taxation of freight transportation system infrastructure and cargo

Description of Issue or Opportunity:

Anecdotal evidence suggests that some Louisiana jurisdictions may be unfairly levying higher taxes and fees on transportation assets and operations when compared to other property within the same parish, taxes and fees in other parishes, and local taxes and fees charged in neighboring states. The perception of these practices is that they may limit interest in firms locating or expanding operations within the state.

During the Freight Symposium in November 2008, two sets of comments received should be noted: One was that taxes on transportation infrastructure were unequally charged among parishes. When compared to other states, local property taxes on marine, rail, pipeline, and airport infrastructure are much higher. Further, these taxes are not reinvested in infrastructure, but instead go into general revenue funds. The second set of comments dealt with parish governments taxing barges for operating or repairs within their parish, despite the barge being engaged in interstate commerce. Many companies have gone to court to challenge parishes that placed tax liens against barges repaired in the parish.

While Federal law prohibits state and local governments from engaging in practices that violate the Interstate Commerce Clause, that does not prevent local authorities from taxing property or from establishing various fees for administrative (inspection and regulation) services within their respective locales. However, excessive taxes and fees serve as a barrier to business recruitment, expansion, and retention.

Action Plan:

Louisiana Economic Development and the Louisiana Department of Transportation and Development will seek legislation in the 2010 Regular Session of the Louisiana Legislature requesting the Legislative Auditor to examine local taxes and fees on various transportation infrastructure and services in Louisiana to develop a baseline for comparison among parishes. This study would also include a comparison with neighboring states (Arkansas, Mississippi and Texas) to determine if the Louisiana rate structure constitutes an undue burden on businesses. A draft concurrent resolution is attached.

The findings of this study can then be used to shape future legislation to strengthen the business climate in Louisiana.

Implementation Cost: \$0.3 million

Implementation Schedule: State Fiscal Year 2010-2011 (begins July 1, 2010)

A Concurrent Resolution

To urge and request the legislative auditor to review the taxation, fee, and permit policies of all sixty-four parish governments with regard to transportation infrastructure, other commercial transportation assets, and commercial transportation operations to determine the level of taxation, fees, and permits, the level of taxation, fees, and permits relative to other commercial property, assets, or operations within the same parish and among parishes, and the level of taxation, fees, and permits relative to typical counties in adjacent states, and to request the auditor to report his findings to the House Committee on Commerce, the Senate Committee on Commerce, Consumer Protection and Internal Affairs, the House and Senate Committees on Transportation, Highways and Public Works, and the Departments of Economic Development and Transportation and Development.

WHEREAS, transportation infrastructure, other commercial transportation assets, and commercial transportation operations are critical to business and industry, and to the economy of the state; and

WHEREAS, excessive taxation, fees, or permits may inhibit commerce and serve as a barrier to business recruitment, expansion, and retention.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the legislative auditor to review the taxation, fee, and permit policies of all sixty-four parish governments with regard to transportation infrastructure, other commercial transportation assets, and commercial transportation operations to determine the level of taxation, fees, and permits, the level of taxation, fees, and permits relative to other commercial property, assets, or operations within the same parish and among parishes, and the level of taxation, fees, and permits relative to typical counties in adjacent states, and to report his findings to the House Committee on Commerce, the Senate Committee on Commerce, Consumer Protection and Internal Affairs, the House and Senate Committees on Transportation, Highways and Public Works, and the Departments of Economic Development and Transportation and Development.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the legislative auditor.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Lowering the Costs of Doing Business and Improving Customer Service

Strategy: Enhance soft infrastructure (i.e., international banking, freight forwarding services, education, etc.) in support of international trade

Description of Issue or Opportunity:

In 2006, the Louisiana had 2,371 exporters of record, of which 1998 were small to medium size firms (under 500 employees). While these firms accounted for 4.3 billion in trade, it amounted to only 35 percent of the total value of the state's exports. Given there were almost 365,000 small and medium sized firms in Louisiana according to the Bureau of Labor Statistics, even if 10 percent of these firms were engaged in trade, it would improve traffic through the region's gateways. There will be other benefits as well; the U.S. Department of Commerce estimates that exporters tend to pay higher wages than non-exporting firms in the same industry.

The challenge is that international trade remains a very complicated business, but it is Louisiana's heritage. The state was settled mostly by the French and Spanish more than 300 years ago precisely for trading purposes and that objective is every bit as important and relevant today as it was then. Louisiana has always enjoyed a strategic geographic location linking mid-America to all corners of the world through its ports on the Mississippi and Calcasieu Rivers and its vast inland waterway network. Six Class I railroads, the Interstate Highway System and the state's airports also connect Louisiana quickly and efficiently to America's heartland and to the world.

Action Plan:

The export capabilities of small to medium sized firms across the state need to be developed. According to International Trade Administration reports, exporters come from every region of the state. Furthermore, the Export-Import Bank has supported 50 communities across the Louisiana by partnering with 157 companies in financing nearly \$1.5 billion in exports during the last five years.

Over the past twenty years, the opening up of U.S. Customs filings (Remote Location Filing) has allowed freight forwarders and custom house brokers the flexibility to submit customs documents for any shipment crossing the U.S. Filing at the Customs District where the cargo either enters the country or "clears Customs" reduces the need to have multiple offices to process paperwork. At the same time, the banking industry in Louisiana slowly departed to other regional markets, leaving New Orleans without a national banking headquarters. While these two trends have a detrimental affect on international trade in the state from a services perspective, telecommunications now allows exporters from the state to choose from a wider variety of providers. Louisiana has a substantial number of qualified freight forwarders to assist firms wanting to engage in international trade.

Group: Lowering the Costs of Doing Business and Improving Customer Service
Strategy: Enhance soft infrastructure (i.e., international banking, freight forwarding services, education, etc.) in support of international trade

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Louisiana firms do have access to federal funds to support international transactions from a variety of agencies, such as the Ex-Im Bank and the Small Business Administration. In addition, there are special incentives for minority and women owned businesses. The U.S. Department of Commerce offers many different match making services to connect U.S. firms to foreign buyers. While the Ex-Im Bank, and other loan programs from the Department of Commerce can provide support to Louisiana firms, the ability to fully leverage these opportunities are limited by two things: access to capital and education.

These programs assume that the firm already has some basic understanding of international trade activities. Education remains a large obstacle to moving firms from wanting to be engaged in international trade to succeeding in the global marketplace. Learning how to engage in international trade is not a simple one hour lecture, but requires a commitment to understand the nuances of the various terms and mechanisms. The Greater New Orleans Small Business Development Center offers export-import seminars, and while highly successful, are not necessarily portable to other parts of the state. Furthermore, the State does not have a university aggressively teaching supply chain management and international trade, which is unfortunate since roughly 1 out of every 7 jobs is tied to the State's ports and transportation networks. LSU is, however, evaluating an intermodal/supply chain initiative and partnership with the National Center for Intermodal Transportation (NCIT). Additionally, LSU is preparing a proposal to become a CIBER University. The Centers of International Business Education and Research (CIBERSs) were created by Congress to "internationalize" the business curriculum, encourage faculty development, promote modern foreign language programs, and provide direct support to small and mid-sized business firms seeking to develop overseas markets. CIBERS work collectively with each other and with other departments and disciplines within their universities. These educational efforts should be supported.

There are active exporters throughout the State, who often work with their respective Chambers of Commerce, but the State should actively support developing a mentoring program, where firms can actively engage with other professionals to discuss international trade. (Despite the large transportation activities of the State, the nearest local roundtable of the Council of Supply Chain Management Professionals is in Houston!)

Finally, promoting exports has benefits beyond the exporter alone. The State's focus on developing an active tourism industry reflects the energy needed to sustain opportunities for Louisiana firms. A similar effort could assist in transforming the state into an global business center for both attracting and sustaining international trade activities.

Group: Lowering the Costs of Doing Business and Improving Customer Service
Strategy: Enhance soft infrastructure (i.e., international banking, freight forwarding services, education, etc.) in support of international trade

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Implementation Cost:

- | | |
|---|----------------------------|
| • Center for International Business Education and Research (CIBER) at LSU | \$1.3 million for 3 years |
| • LSU initiative for intermodal transportation and transport logistics | \$0.75 million for 3 years |
| • Trade promotion activities | \$0.2 million annually |

Implementation Schedule: State Fiscal Year 2010-2011 (begins July 1, 2010)

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Mitigating Business Risks – Transportation Safety, Hurricane Preparation and Recovery

Strategy: Enhance freight transportation system safety

Description of Issue or Opportunity:

A safe and efficient multi-modal freight transportation system is critical to the movement of goods within and through the state. Freight movement in Louisiana takes on national significance due to its location and vast transportation network consisting of highways, railroads, ports, and airports. Enhancing transportation safety creates a more efficient and reliable intermodal freight system and allows Louisiana to better compete in the national and global economies. An unsafe system will limit the mobility of goods, services and people and will restrict access to industry and markets which affect Louisiana's ability to attract or retain business. Ultimately the consumer is affected by an unsafe system as the additional costs are added to the price of the shipped goods. Hazardous materials are also moved through the state by all modes of transportation providing another reason to ensure that safety is an integral part of the Louisiana multi-modal freight transportation system.

In 2008, the total number of reported Commercial Motor Vehicle (CMV) crashes decreased by 4.2 percent compared to 2007. The number of fatal CMV crashes decreased from 118 in 2007 to 102 in 2008. The number of injury CMV crashes decreased from 2,120 to 1,950 during the same period, an 8 percent decline. From 2005 to 2008, crashes involving injuries and fatalities have declined substantially; fatal crashes declining 23.9 percent and injury crashes declining 11.2 percent. During 2008, 27 percent of all CMV crashes in Louisiana occurred on Interstates, 37 percent occurred on state highways, and 21 percent occurred on U.S. numbered highways. The table below shows the recent trend for CMV crashes.

CMV Crashes 2005-2008

Year	CMV Crashes				All Crashes				% CMV Relative to All Crashes			
	Fatal	Injury	PDO	Total CMV	Fatal	Injury	PDO	Total	Fatal	Injury	PDO	Total
2005	134	2197	2171	4502	874	49,500	108,100	158,474	12%	4.40%	2.00%	2.80%
2006	105	1922	2093	4120	886	48,100	111,100	160,086	12%	4.00%	1.90%	2.60%
2007	118	2120	2110	4348	887	47,961	110,100	158,948	13%	4.40%	1.90%	2.70%
2008	102	1950	2115	4167	817	46,500	110,600	157,917	12%	4.20%	1.90%	2.60%

The crash data analysis and statistical information for CMVs were calculated by the Department of Information Systems and Decision Sciences at Louisiana State University.

Group: Mitigating Business Risks – Transportation Safety, Hurricane Preparation and Recovery

Strategy: Enhance freight transportation system safety

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The Interstates accounted for 39 percent of all crashes involving hazardous materials in 2008. Specifically, Interstate 10 accounts for 50 percent of all hazardous material crashes on Interstates in Louisiana in 2008. U.S. numbered highways account for 25 percent of all hazardous material crashes in 2008, with US 90 accounting for 28 percent of hazardous material crashes on US highways. State numbered highways accounted for the remaining 36 percent of all hazardous crashes in 2008. The table below shows the CMV crashes involving hazardous materials.

Hazardous Material Crashes

Year	Transport	Released	% Released
2001	111	17	15%
2002	96	19	20%
2003	82	13	16%
2004	58	15	26%
2005	86	15	17%
2006	102	19	19%
2007	127	20	16%
2008	94	16	17%

Freight transportation by rail is an essential component of Louisiana's overall transportation system. Louisiana's six Class I railroads provide a vital transportation network to both our state and national economy. Eleven regional and shortline railroads, and two switching railroads, also support this network. Railroads move about 40 percent of our nation's freight. Many hazardous chemicals are transported safely and efficiently through Louisiana via the rail network.

In 2008, the total number of reported highway-railroad grade crossing collisions (GCC) decreased by 24 percent compared to 2007. The number of fatal GCC decreased from 14 in 2007 to 11 in 2008. The number of injury GCC decreased from 57 to 35 during the same period, a 39 percent decline. From 2005 to 2008, GCC involving injuries and fatalities have declined substantially; fatal crashes declining 45 percent and injury crashes declining 17 percent. The table below shows the recent trend for GCC.

GCC 2005-2008

Year	GCC				Public				Private			
	Fatal	Injury	PDO	Total GCC	Fatal	Injury	PDO	Total GCC	Fatal	Injury	PDO	Total GCC
2005	20	42	69	131	17	37	62	116	3	5	7	15
2006	8	74	62	144	7	64	50	121	1	10	12	23
2007	14	57	50	121	11	47	37	95	3	10	13	26
2008	11	35	46	92	9	34	34	77	2	1	12	15

Group: Mitigating Business Risks – Transportation Safety, Hurricane Preparation and Recovery

Strategy: Enhance freight transportation system safety

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The safety of the rail system in Louisiana is very important due to the amount of hazardous chemicals that are transported. Derailments are a major concern due to the possible release of hazardous chemicals. Only about 25 percent of all derailments occur on the main track or sidings and about 66 percent all accidents involving hazmat occur in rail yards or on industrial switching track. The table below shows the recent trend for derailments.

2005-2008 Derailments

Year	Derailments			Hazmat Involved		
	Total	Main Track	Siding	Total	Railcar Damaged	Hazmat Spill
2005	54	14	0	38	18	2
2006	69	18	3	42	23	1
2007	68	16	2	50	25	1
2008	51	10	4	36	19	1

There have been no air cargo related crashes in Louisiana in the past few years. This is a significant achievement considering that the cargo airline industry sometimes operates with different requirements than the passenger airline industry. Equipment requirements also differ from passenger airlines. Many cargo airlines operate older airplanes that were certified under different and sometimes less stringent, regulations or methods than passenger airlines.

Information on marine transportation system safety is not available; however, collisions and allisions on the state's waterways are of concern due to the volume of traffic, the types of cargo, and the economic impact of any disruption in service.

Action Plan:

Recognizing that transportation safety is a key issue affecting personal and business expenses, and therefore economic growth potential, the state has developed a number of programs to address this issue. The Louisiana Department of Transportation and Development (LA DOTD) developed and is implementing a Strategic Highway Safety Plan (SHSP). Based upon an analysis of crash data, the SHSP identified eleven high-priority emphasis areas for focused attention because they hold the most promise for driving down the human and economic costs of crashes. Commercial Vehicle Safety was identified as one of the eleven high-priority emphasis areas and is being addressed through a number of educational, enforcement, and infrastructure efforts such as the implementation of enforcement campaigns targeting aggressive cars and trucks traveling along the high crash corridors and the continuation of the "No-Zone" educational program. The Louisiana Statewide Transportation and Infrastructure Plan (LSTIP) calls for increasing the funding for highway safety from its present level of \$32 million annually to \$60 million annually.

Group: Mitigating Business Risks – Transportation Safety, Hurricane Preparation and Recovery

Strategy: Enhance freight transportation system safety

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Nearly ten years ago, LA DOTD dramatically increased the funding for highway-railroad grade crossing safety and that has paid off with significant reductions in collisions and fatalities. In addition to sustaining the current level of funding, the LSTIP calls for the creation of a grade separation program funded at \$8 million annually. Grade separations obviously eliminate the potential for collisions, but perhaps more importantly allow for greater efficiency in both highway and rail operations.

The top priority in the Aviation Priority Program for airport project funding is safety. Louisiana cargo airports have taken significant steps to improve safety within the airports operating area. Substantial funding is provided to improve NAVAIDS, lighting, Aircraft Rescue and Fire Fighting (ARFF) facilities and vehicles and signage to enhance airport operations, reduce runway intrusions, and prevent taxi incidents.

The Lower Mississippi River Waterway Safety Advisory Committee (LMRWSAC) is a U.S. Coast Guard advisory committee whose membership has particular expertise, knowledge, and experience regarding the transportation, equipment, and techniques that are used to ship cargo and navigate vessels on the Lower Mississippi River and its connecting navigable waterways, including the Gulf of Mexico. The LMRWSAC provides local expertise on matters such as communications, surveillance, traffic management, anchorages, and other related topics dealing with navigation safety on the Lower Mississippi River. LMRWSAC worked very closely with the Coast Guard providing advice on the development and implementation of the New Orleans Vessel Traffic Service (VTS). Vessel traffic is tracked around the clock by VTS staff.

LMRWSAC and the Coast Guard coordinated with LA DOTD and the Huey P. Long Bridge contractor to develop safety advisory updates and schedules for project construction so as to not impede navigation unreasonably.

The LMRWSAC also was instrumental in obtaining a Physical Oceanographic Real-Time System (PORTS) monitoring system for the Lower Mississippi River, scheduled to be operational in late September 2009. PORTS is a National Oceanic and Atmospheric Administration (NOAA) program. PORTS measures, integrates, and disseminates water level, current, salinity, wind and bridge clearance information, which helps mariners successfully guide ships into and out of the nation's busiest seaports. The Port of Lake Charles partnered with NOAA to install PORTS on the Calcasieu Ship Channel.

NOAA requires a partnership to install PORTS. The Port of New Orleans is the partner for the Lower Mississippi River, but the system aids all of the ports on the river. The cost of the PORTS depends on what meters are selected for installation. The meters chosen for the Mississippi River cost \$367,425 for equipment and installation. The annual maintenance costs are \$94,460. This was funded by Congress through a supplemental appropriation after Katrina. After the first year of maintenance, the Port of New Orleans will be responsible for the \$94,460

Group: Mitigating Business Risks – Transportation Safety, Hurricane Preparation and Recovery
Strategy: Enhance freight transportation system safety
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since it is the local partner. Generally, the local partner is responsible for funding the purchase of equipment, installation and the annual operation and maintenance. Since DOTD is the sponsor for the Mississippi River Ship Channel, DOTD should be the sponsor for the PORTS on the Mississippi River.

NOAA covers project management, 24/7 QA/QC, data collection infrastructure, data dissemination and technology upgrades. The initial installation will have air gap meters on the Huey P. Long Bridge and the Crescent City Connection Bridge, current meters at the Crescent City Connection Bridge and at Port Allen, and a water level meter at Carrollton on the Mississippi River. Air gap meters should be added to all LA DOTD bridges and current meters should be added at strategic locations.

The maritime industry has also come forth and developed a protocol for hurricane response, Gulf Coast Inland Waterways Joint Hurricane Response Protocol. The Gulf Coast Joint Hurricane Team members include river pilots, NOAA, Corps of Engineers, Coast Guard, LA DOTD, barge industry and maritime organizations. This effort is led by the Gulf Intracoastal Canal Association. Conference calls are held among the Team daily during an event to coordinate response.

The Coast Guard has safety protocols in place during high water events on the Mississippi River. The maritime industry also provides assist boats at critical locations.

On navigable waterways, LA DOTD has water level gages on its bridge piers so pilots can determine the clearance from the water level. Mariners have complained that the size of the numbers on the gages is too small on the Red River. LA DOTD will review this issue and make any needed improvements.

Implementation Cost:

- \$28 million annually to increase highway safety funding to \$60 million annually
- Sustain funding for highway-railroad grade crossing improvements at \$8 million annually
- \$8 million annually to fund a highway-railroad grade separation program
- Sustain annual funding of \$30 million from the State Aviation Trust Fund for capital improvement projects
- \$95,000 annually for the maintenance of PORTS on the Lower Mississippi River since LA DOTD is the local sponsor on the Mississippi River Ship Channel. This will need to continue until the program becomes part of NOAA's base budget.
- The cost to increase the size of the numbers on the bridge gages can be handled through the LA DOTD's operating budget.

Implementation Schedule: State Fiscal Year 2010-2011 (begins July 1, 2010) subject to funding availability

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Mitigating Business Risks: Transportation Safety, Hurricane Preparation and Recovery

Strategy: Facilitate hurricane preparation and recovery

Description of Issue or Opportunity:

Hurricanes pose an annually recurring threat to Louisiana, particularly the coastal parishes. Not only is life and property at stake, but businesses can be adversely affected through supply chain disruption or by having to suspend operations. Hurricane preparation and, perhaps more importantly, recovery and resumption of business activity are paramount. It is imperative that transportation facilities and services remain in operation for as long as practicable prior to a hurricane and that operations resume quickly following the event.

Action Plan:

The State, in concert with federal agencies, local governments, and transportation interests, has developed and refined procedures for hurricane preparation and recovery.

Hurricane Preparation

Procedures have been developed and refined to ensure the orderly evacuation of vulnerable areas well in advance of hurricane landfall. At 120 hours (H 120) prior to the onset of tropical storm force winds along the Louisiana coast, state emergency personnel began reviewing plans and procedures. At H 102, Emergency Operations Center staff are activated and the marshalling of the resources necessary for an evacuation of coastal parishes begins. At H 54, assisted evacuation begins in designated areas. At H 50, the unassisted phased evacuation of vulnerable areas is initiated beginning with the coastal parishes and moving progressively inland in subsequent phases. By H 30, assisted evacuation is completed and contra flow begins. Contra flow is completed by the onset of tropical force winds along the coast.

As a hurricane approaches, business and industry are engaged in preparation which sometimes involves the repositioning of assets. The Louisiana Department of Transportation and Development (LA DOTD) has recently negotiated an agreement with the U.S. Coast Guard regarding the operation of moveable bridges to serve the needs of both navigation interests and highway users. Further, LA DOTD will make every effort to expedite the issuance of truck permits for oversize or overweight loads to facilitate the repositioning of industrial equipment and other assets.

In recent years, the State has made efforts to strengthen and protect critical infrastructure in coastal areas. The elevation of LA 1 from Leeville to Port Fourchon is the most prominent example. In addition, portions of US 90 and other roads has been raised to prevent flooding; funding from federal sources has been sought to raise other roadways and armor embankments; and the electrical and mechanical components of moveable bridges have been relocated to the extent practicable to limit inundation from storm surge.

Group: Mitigating Business Risks: Transportation Safety, Hurricane Preparation and Recovery

Strategy: Facilitate hurricane preparation and recovery

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Generators have been provided to all at-risk airports to provide power for navigational aids (NAVAIDS) and lighting systems. Five aero-medical marshalling points have been established for the orderly air evacuation of area hospitals. Search and rescue staging as well as recovery efforts have been coordinated through their respective airports. Additionally, agreements to expedite airport recovery resources, such as the Southeast Airports Disaster Operations Group (SEADOG) into the state have been pre-coordinated. SEADOG is a volunteer consortium of airports that aid one another during an emergency.

New Orleans International Airport has relocated and raised its utility building to prevent flooding and equipped it with a new generator. The lighting vault has also been relocated to prevent flooding. Extensive planning with various federal agencies has culminated in a tested and proven coordinated plan for the air evacuation of tourists and critical transportation needs residents.

Hurricane Recovery

Clearing roadways is one of the major tasks following a hurricane. Prior to a storm, LA DOTD personnel ready state-owned debris removal equipment and top off fuel tanks. Further, LA DOTD has contracts in place for debris removal and disposal. Over 50 disposal sites have been identified for use. Immediately after the storm, LA DOTD begins clearing state routes in accordance with predetermined priority lists. Crews from other parts of the state and/or National Guard engineering units will provide assistance to affected parishes.

Infrastructure damage assessment and emergency repairs are other major State activities. Pre-determined road, bridge, and other teams comprised of LA DOTD, Federal Highway Administration (FHWA), and Federal Emergency Management Agency personnel (FEMA) begin their work as soon as roads are passable. Damage is documented and approved for subsequent reimbursement of debris removal and repair costs. Procedures are in place to facilitate emergency repairs by both State personnel and contractors. LA DOTD prepares plans and specifications for permanent repair projects for all state-owned infrastructure. The work is carried out by contract.

LA DOTD also monitors and reports on the condition and recovery of the state's transportation infrastructure, including air, rail, roadways, ports, and navigable waterways and reports this information to the State Emergency Operations Center. Information on damage to public transit assets are also gathered for use in seeking federal disaster assistance.

The maritime industry has come together to develop a protocol for hurricane response, Gulf Coast Inland Waterways Joint Hurricane Response Protocol. The Gulf Coast Joint Hurricane Team members include river pilots, NOAA, Corps of Engineers, Coast Guard, LA DOTD, the barge industry and maritime organizations. This effort is led by the Gulf Intracoastal Canal Association. Team conference calls are held daily during an event to coordinate the response.

Group: Mitigating Business Risks: Transportation Safety, Hurricane Preparation and Recovery

Strategy: Facilitate hurricane preparation and recovery

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Long-Term Outlook

In 2007 the State completed Louisiana's Comprehensive Master Plan for a Sustainable Coast outlining a series of recommended hurricane protection and coastal restoration measures. It presents a conceptual vision of a sustainable coast based upon the best available science and engineering. Refinement and implementation of this plan will reduce property damage related to hurricane storm surge and lessen the need for evacuation of some areas.

Both state and federal revenue streams have been dedicated to coastal protection and restoration. A portion of mineral revenues from severance taxes, royalty payments etc. in excess of certain amounts are deposited in Coastal Protection and Restoration Fund. In 2006, federal law was amended to increase Louisiana's share of Outer Continental Shelf (OCS) federal oil and gas revenue. In 2016, federal revenues deposited into the aforementioned fund could reach \$600 million annually.

Implementation Cost:

The State seeks reimbursement for costs associated with hurricane preparation and recovery through several federal programs. Any non-reimbursable costs are absorbed within the existing state operating budget. Both state and federal revenue streams have been dedicated to coastal protection and restoration.

Implementation Schedule:

Hurricane preparation and recovery plans and procedures are already in place. Refinement and improvement of these plans and procedures is a continual process. Large sums of federal funds for coastal restoration and protection are expected beginning in 2016.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Building A More Efficient and Reliable Freight Transportation System

Strategy: Operate, maintain, and upgrade the marine transportation system

Description of Issue or Opportunity:

From our country's early history, when explorers discovered what are now Louisiana and the Mississippi River Valley, it was apparent that the abundance of rivers, waterways and bayous in this area would play a significant role in the settlement and development of the New World. During early settlement of our country, the Mississippi River was a tremendous navigational aid. Louisiana's Marine Transportation System (MTS) is a network of rivers, bayous, lakes, and canals that provide specific and vital functions to the communities that are on their banks. Louisiana's MTS is truly the gateway to America's Heartland. The core of our system is the Mississippi River and its tributaries. The Mississippi River winds its way 2,552 miles from the headwaters in northern Minnesota to the Gulf of Mexico passing through ten states. Exports of agricultural products, lumber, chemicals, coal, and manufactured goods from Louisiana as well as other states and from Canada move down the Mississippi. About 60% of US grain exports travel through Louisiana ports. Louisiana has five deep draft public ports on the Mississippi River and one on the Calcasieu River. The State of Louisiana is ranked number one in the country in total tonnage in 2007 and five ports in the state are in the top 14 ranking.

	Top Fourteen Tonnage Ports in U.S.	
1	Port of South Louisiana	229,000,000
2	Port of Houston	216,100,000
3	Port of New York/New Jersey	157,200,000
4	Port of Long Beach	85,900,000
5	Port of Beaumont	81,400,000
6	Port of Corpus Christi	81,100,000
7	Huntington - Tristate	76,500,000
8	Port of New Orleans	76,000,000
9	Port of Los Angeles	65,500,000
10	Port of Mobile	64,500,000
11	Port of Lake Charles	64,200,000
12	Port of Plaquemines	58,800,000
13	Port of Texas City	56,800,000
14	Port of Baton Rouge	54,600,000

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Strategy: Operate, maintain, and upgrade the marine transportation system
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Besides commercial fishing, the state's coastal waterways handle much of the services and industry supplies for the Gulf of Mexico oil and gas platforms. Oil and gas exploration has moved to the deep Gulf, therefore, these waterways need to be deepened to handle the larger boats supplying the increased goods and services required at these larger platforms. Louisiana businesses that support deep water oil and gas drilling will suffer from shallow channels, and the business they have now, and in the future, could be jeopardized if the infrastructure is not capable of handling the larger vessels.

The Gulf Intracoastal Waterway (GIWW) stretches 1300 miles from Brownsville, TX to Apalachicola, FL. The GIWW experiences its heaviest traffic along Louisiana's coast. In Louisiana it connects the inland and coastal waterways and ports with the deep water ports. The Louisiana segment, from the Louisiana-Texas border to the Louisiana-Mississippi border, is 306 miles in length. Its most important intersection is with the Mississippi River.

The Inner Harbor Navigation Canal Lock (IHNC) is the hub for coastal and inland navigation on the GIWW. With the closure of Mississippi River Gulf Outlet (MRGO), the replacement of this structure has become critical to the safe and efficient transportation of barges and is the only way for deep sea vessels to reach the Port of New Orleans' Industrial Canal facilities. With the MRGO closure, there is no economical viable alternate route for barge traffic when the IHNC Lock is out of service. The disruption of the estimated tonnage (16 to 19 million tons) through this structure can have an immediate impact on the public. Especially significant is the interruption of the transit of coal, fuels, and petrochemicals.

The current lock is 88 years old. Dimensions of the existing lock are: 640 feet long by 75 feet wide by 31.5 feet deep. It is too small for a modern vessel to reach the facilities on the Industrial Canal and for the barge tows. Replacement lock design dimensions are: 1,200 feet long x 110 feet wide x 36 feet deep. In 2003, the estimated cost of construction was \$655 million; the estimated cost in 2009 is \$1.3 billion. At the current rate of funding, the estimated completion is beyond 2030.

Like the IHNC Lock, many of the locks in Louisiana need to be replaced/upgraded to facilitate more efficient barge tows. Existing and new maritime business is being lost to Alabama, Mississippi and Texas because they have invested in their marine transportation facilities and intermodal connections.

If the locks and channels aren't maintained/improved on the upper Mississippi, Arkansas, Illinois, Missouri, Ohio, and Tennessee rivers, the deep draft Mississippi will lose its position as the gateway to the Heartland. The locks along the Gulf Intracoastal Waterway (GIWW), which provide the economical "water highway" for the distribution of fuels, coal, aggregates, cement and plastics, are also in need of maintenance and improvement.

Group: Building A More Efficient and Reliable Freight Transportation System
Strategy: Operate, maintain, and upgrade the marine transportation system
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The US Army Corps of Engineers has the responsibility to maintain the nation's commercially navigable waterways. The Corps' operation and maintenance budget has not kept up with the aging infrastructure and dredging costs to keep the waterways maintained at their authorized channel width and depth. The Office of Management and Budget (OMB) uses tonnage to measure the waterways' usage. This does not take into account how Louisiana's MTS works. Many waterways do not carry 'freight' but carry mainly non-quantifiable items such as employees, supplies and platform components to support Gulf oil and gas platforms and commercial fishing vessels. Since there is no measurable 'freight', the benefit is discounted. A separate category needs to be developed for measuring usage that will encompass the real value that these waterways present to the nation's economy. This discussion is underway in Washington, DC.

The Inland Waterway Trust Fund collects \$0.20 per gallon tax on diesel fuel used by the inland waterway navigation industry. The funds are used for one-half the cost of rehabilitating and replacing inland locks. This Trust Fund is almost out of money. New or additional funding sources are needed. The federal government has proposed a lockage fee to eventually replace the fuel tax and legislation has been introduced. The inland maritime industry is opposed to this new fee as all inland waterways do not have locks and this fee would cause inequities in the system.

The Harbor Maintenance Trust Fund is supposed to fund the dredging costs for the deep draft channels. However, the federal government has not been using the Trust Fund for its intended purpose, opting instead to offset the deficit, while our waterways silt up. The Trust Fund has a balance of about \$4 billion.

Action Plan:

The Louisiana Statewide Transportation and Infrastructure Plan calls for increasing the Port Priority Program from \$20 million annually to \$40 to \$50 million annually depending on the level of increased funding that can be obtained for improving the state's transportation system. The Louisiana Marine Transportation System Plan, September 2007, identified needed infrastructure improvements from deepening waterways, lock replacements and bridge alterations. It also described the commodity flows on the MTS and the economic impact the maritime industry has on the State.

The MTS Plan identified three projects in need of immediate physical infrastructure improvements. Besides the IHNC Lock, the Bayou Sorrel Lock needs replacing. It is the smallest lock in the GIWW system causing the towing industry to trip through the lock. Also the Simmesport Railroad Bridge has been declared a hazard to navigation. Its location on a bend in the Atchafalaya River with a narrow opening for navigation causes the towing industry to use the fixed span during low water or avoid the river altogether during high water which adds 1 ½ to 2 ½ days to the trip. Because of this and other railroad bridges, the Atchafalaya River is under utilized.

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Strategy: Operate, maintain, and upgrade the marine transportation system
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Deepening projects that are in process and still need continual and adequate funding are:

- **Acadiana Gulf of Mexico Access Channel Project:** This project was authorized in the Water Resources Development Act (WRDA) of 2007. A Preconstruction Engineering and Design (PED) Agreement between the Corps and the Louisiana Department of Transportation and Development (LA DOTD) is in place. The channel is authorized to deepen from 12 to 16 feet to allow more efficient marine access from the Port of Iberia to the Gulf of Mexico.
- **Houma Navigation Canal Deepening Project:** The channel must be deepened from 15 feet to 20 feet to allow for larger loads on barges and ship access to the Gulf to assure growth in the local and state economy. A draft feasibility study is due in December of 2009 and a Chief's Report in 2010. LA DOTD, Terrebonne Port and Terrebonne Parish will partner with the USACE in the PED agreement.
- **The Mississippi River Ship Channel—Baton Rouge to the Gulf of Mexico Project:** Already authorized to 55 feet, the Mississippi River Ship Channel is currently maintained at 45 feet. The next phase, which would take it to the authorized depth of 55 feet, is on hold until cost sharing language is changed. Currently, any project deeper than 45 feet requires the non-federal sponsor to cost share in the maintenance of the project. Once the cost share language is changed, then the 55 foot Phase III study could get underway.
- **J. Bennett Johnston Waterway (Red River):** The J. Bennett Johnston Waterway, also known as the Red River has a 9 foot deep navigation channel. If it were deepened to 12 feet, it could be more fully utilized by barge traffic. The Red River Waterway Commission is conducting a Reconnaissance Study under US Army Corps of Engineer Section 203 Guidelines for the deeper channel.
- **Baptiste Collette Deepening Project:** The Baptiste Collette Deepening Study is being conducted by Plaquemines Parish and coordinated with the Corps of Engineers following the Corps' Section 203 guidelines. The Reconnaissance Study is complete. LA DOTD has a Cooperative Endeavor Agreement with Plaquemines Parish to fund the Feasibility Study. Currently this is not a Corps project. After the Feasibility Study is approved by the Corps, then it will become a Corps project for construction. The project would provide deeper access to the eastern Gulf of Mexico for oil field service companies.

LA DOTD must continue to keep the Louisiana Congressional Delegation informed regarding the needs of the state's waterways, requesting adequate funding for the Corps of Engineers. By working together to accomplish goals for both economic and environmental concerns, the Marine Transportation System can be continually improved, which will enable Louisiana to become a stronger competitor for business development, create more jobs for our citizens, and increase tax revenues for the State.

Group: Building A More Efficient and Reliable Freight Transportation System
Strategy: Operate, maintain, and upgrade the marine transportation system
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The Coast Guard and the Maritime Administration also play a role in the waterway infrastructure. The Coast Guard administers the Truman-Hobbs Act which funds the alteration of hazardous bridges. LA DOTD has requested funding the Simmesport Railroad Bridge alteration. The Maritime Administration has proposed a new program, the Marine Highway Corridor initiative. Legislation has been introduced in committee for possible funding.

Implementation Cost:

- IHNC Lock: \$655 million 2003 estimate. Current 2009 estimate = \$1.3 billion. State share = \$0
- Bayou Sorrel Lock Replacement: \$9.6 million authorized in 2007. State share = \$0. Undergoing a new study due to cost increases.
- Simmesport Railroad Bridge alteration: \$48 million. State share = \$0
- Acadiana Gulf of Mexico Access Channel Project: \$131.25 million authorized in 2007. State share = \$72 million. Undergoing a new study due to cost increases.
- The following four navigation projects are in the early stages of project development:
 - Houma Navigation Canal Deepening Project still in study phase.
 - Mississippi River Ship Channel deepening study not started.
 - Red River Waterway deepening study just started
 - Baptiste Collette Deepening Project

Implementation Schedule:

- The Port Priority Program can expand rapidly if funding is available. Additional funds can be obligated beginning in State Fiscal Year 2010 – 2011 (begins July 1, 2010)
- Progress on the IHNC and Bayou Sorrel Lock replacements, the Simmesport Railroad Bridge alteration, and the Acadiana Gulf of Mexico Access Channel Project are all dependent upon federal funding.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure

Strategy: Operate, maintain, and improve the trunkline highway system

Description of Issue or Opportunity:

The trunkline highway system is of critical importance to the transport of both raw materials and finished products. The condition of the system affects vehicle maintenance costs, freight damage, and transportation efficiency if operating speeds are below legal limits, or in the case of load-restricted bridges, circuitous routing is required. Similarly, the management of incidents, the operation of weigh stations, and traffic signal timing and coordination can all affect truck productivity and delivery reliability. Furthermore, recurring highway congestion is a major impediment to truck freight affecting departure and arrival times, trip duration, and cargo transport costs.

Action Plan:

The State has placed considerable emphasis on improving the condition, operation, reliability, and operating level-of-service of the highway system, particularly the trunkline highway system which is of the most importance for freight transportation. The Louisiana Statewide Transportation and Infrastructure Plan (LASTIP) calls for large increases in funding for pavement and bridge preservation, and for various programs intended to improve the operation and reliability of the system. Under the Plan, funding for pavement preservation would nearly double from current levels. Funding for bridge rehabilitation and replacements has already been increased for state system bridges. For bridges on parish roads and city streets, the Plan calls for increasing funding by over 80 percent from current levels.

	Investment in Millions		
	<u>FY 06-07</u>	<u>FY 09-10</u>	<u>Target</u>
Non-Interstate Pavement Preservation	\$151	\$150	\$260
Interstate Pavement Preservation	49	55	80
State System Bridge Preservation	87	147	147
Local System Bridge Preservation	13	13	24

In recent years the State has increased its investment in programs that affect the operation and reliability of the system. These include (1) Intelligent Transportation Systems (ITS) – technology-based improvements to detect and manage incidents, coordinate traffic signals, and provide advance information to highway users; (2) the upgrade or replacement of traffic control devices – signs, signals, and traffic signal equipment; (3) preventive maintenance of the electrical and mechanical components of moveable bridges; (4) the automation of weigh stations; (5) drainage improvements to prevent roadway flooding; (6) Transportation Systems Management (TSM) – physical improvements such as adding turn lanes, increasing corner turning radii, etc. to improve traffic flow; and (7) the replacement of pumps and generators, and other major repairs.

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure
Strategy: Operate, maintain, and improve the trunkline highway system
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	Investment in Millions		<u>Target</u>
	<u>FY 06-07</u>	<u>FY 09-10</u>	
ITS	\$12	\$13	\$13
Traffic Control Devices	9	16	16
Moveable Bridge Maintenance	0.5	2	2
Weigh Stations*	1.5	2	2
Roadway Flooding Mitigation	3	4	4
TSM	3	8	10
Pumps, Generators, & Repairs	2	2	8

* The annual target for weigh stations is \$2 million; however, two new weigh stations are needed – one on I-49 North at the border with Arkansas and the other to relocate the station on I-10 near the border with Texas. These are estimated at \$13 million each.

In addition, the Statewide Plan calls for increasing funding for LA DOTD District Operations for supplies and equipment to improve highway maintenance and operations.

A major element of the LSTIP is the identification and prioritization of principal highway corridor projects (referred to as “megaprojects”) in groups A through D. The projects within each group are listed on pages 36 through 50 of the document entitled “Louisiana Statewide Transportation and Infrastructure Plan – Review and Status Report” dated March 2008. The document is available at <http://www.dotd.la.gov/study/home.aspx>. Several of these projects have been fully or partially funded as noted. The Priority A and B megaprojects are illustrated in Figure 13 on pages 44 and 45 of the aforementioned document. Priority A projects are largely on Interstate highways whereas Priority B is comprised of a mixture of Interstate projects and projects located on other principal corridors across Louisiana.

The Louisiana Department of Transportation and Development and Louisiana Economic Development will continue seeking revenues to implement the Statewide Plan through traditional and innovative sources.

Implementation Cost: Increase of \$170 million annually over FY 09-10 levels to achieve and sustain highway maintenance and operations targets;

\$6.2 billion for Priority A and B megaprojects

Implementation Schedule: Progress contingent upon federal and state funding

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure

Strategy: Facilitate resolution of rail bottlenecks; maintain viability of short line railroads

Description of Issue or Opportunity:

Louisiana has an extensive railroad network consisting of 2,699 miles of track. Eighteen freight railroads are presently operating in the state.

Freight Railroad Company	Route Miles Owned/Leased
Acadiana Railway (AKDN)	63
Arkansas Louisiana & Mississippi Railway (ALM)	45
Burlington Northern and Santa Fe Railway (BNSF)	192
Canadian National Railway (CN)	257
CSX Transportation (CSXT)	35
Delta Southern Railroad (DSRR)	66
Gloster Southern Railroad (GLSR)	21
Kansas City Southern Railway (KCS)	744
Lake Charles Harbor and Terminal District (LCH)	13
Louisiana & Delta Railroad (LDRR)	120
Louisiana & North West Railroad (LNW)	38
Louisiana Southern Railroad (LAS)	157
New Orleans & Gulf Coast Railway (NOGC)	24
New Orleans Public Belt Railroad (NOPB)	25
Norfolk Southern Railway (NS)	80
Ouachita Railroad (OUCH)	8
Timber Rock Railroad (TIBR)	22
Union Pacific Railroad (UP)	789
TOTAL MILES	2,699

The first railroad in Louisiana was built in 1830 to transport freight between the Mississippi River and Lake Pontchartrain in New Orleans. Over time, many railroads were constructed to support Louisiana industries, principally, the agriculture, forestry, and maritime industries. The Civil War demonstrated the importance of having a strong rail transportation system to connect all corners of the nation. The current rail network in the state was well established by the 1920s and freight rail operations continued to increase until the introduction of the Interstate Highway System in the 1950s and 1960s. As a result, the large Class-1 railroads were forced to reduce track miles and consolidate operations to focus on the long-haul transportation business. Larger railcars were introduced to increase capacity and less profitable branch lines and switching operations were abandoned, or sold or leased to short line railroads to maximize the efficiency of

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure
Strategy: Facilitate resolution of rail bottlenecks; maintain viability of short line railroads
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the rail network. Louisiana, like many other states, has lost significant rail mileage over the last few decades. Since 1985, over 730 miles of track have been abandoned in the state. Another 20 miles are in the process of being abandoned and two short line railroads no longer service customers in the state. It is imperative that freight rail service be maintained in as many areas of the state as possible. Certain industries will not locate in areas without such service; it is very difficult to restore once it is discontinued.

In 2003, the Louisiana Department of Transportation and Development (LA DOTD) commissioned the Louisiana Statewide Rail System Plan. The Plan identified over \$102 million in unmet capital needs for just the short line railroads operating in the state. Most of these are bridge and track rehabilitation upgrades associated with the heavier railcars being used by the Class-1 railroads. The current industry standard railcar has a maximum gross weight of 286,000 pounds. In most cases, short line railroads have not been financially able to make the upgrades necessary to support these heavier railcars. Many short line railroads will attempt to transport these heavier railcars knowing it may damage their track. In some cases, the heavier railcars cannot be transported across the short line railroad track and must be offloaded onto trucks for delivery. Many of the materials transported by rail are hazardous, such as, chemicals, fertilizers, and petroleum products. Shippers are faced with one of two options: transport these materials over track not designed to support these heavy railcars increasing the risk of derailments, or transport hazardous materials by truck through towns on the highways. Inefficiencies in rail operations result in increased transportation costs and put an unnecessary strain on businesses.

Mergers and acquisitions among the railroads have left only seven Class-1 railroads in North America. Class-1 railroad networks generally provide regional service: the Union Pacific and BNSF railroads operate in the west, Kansas City Southern operates primarily in the mid-west, the Norfolk Southern and CSX railroads operate in the east, the Canadian National railroad operates in Canada and along the Mississippi River from Chicago to the Gulf of Mexico, and the Canadian Pacific railroad operates in the Canadian northwest. New Orleans is one of only a very few places where six of these seven railroads meet to exchange railcars making it one of our nation's major rail gateways along with Chicago, St. Louis, and Memphis. The network of railroad tracks that connect these railroads in New Orleans was established by the 1930s and has changed very little since despite railroad mergers, urban growth, and freight volume fluctuations. As a result, rail movements through the city have become congested and inefficient causing significant delays to trains and to street traffic. Several bottlenecks exist throughout the city which should be addressed in order to reduce rail and highway delays and increase rail capacity to meet the growth in rail freight. The State of Louisiana, through the LA DOTD, has partnered with the Class-1 railroads, the Association of American Railroads (AAR), the New Orleans Public Belt Railroad (NOPB), and the New Orleans Regional Planning Commission (RPC) to find a solution to the problem. The New Orleans Rail Gateway Program has taken a holistic approach to identify and correct both the industry bottlenecks as well as the public concerns throughout the city.

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure
Strategy: Facilitate resolution of rail bottlenecks; maintain viability of short line railroads
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In addition, rail access to both deep water and inland ports needs improving. The larger Louisiana ports typically have inadequate rail access causing much of the freight to traverse to the port by truck. Improvements to the ports' rail access will improve operating efficiency and reduce highway congestion. Many inland ports have little or no rail access. Improved rail access to these ports will stimulate economic development and improve the efficiency of the state's abundant waterway network.

Action Plan:

One recommendation from the 2003 Louisiana Statewide Rail System Plan was to implement a Statewide Rail Infrastructure Improvement Program. The LADOTD has developed a proposed program that identifies and prioritizes rail infrastructure needs with public benefits. Upgrading the track for short line railroads to support 286,000 pound railcars and improving rail access to ports are included in the proposed program. The Louisiana Statewide Transportation and Infrastructure Plan (LSTIP) calls for \$3 million to \$5 million per year for the Rail Infrastructure Improvement Program. To implement the Program, it must be enacted by the State Legislature and a funding source must be identified. The LSTIP addresses the New Orleans Rail Gateway Program separately from the Rail Infrastructure Improvement Program at a cost of \$150 million for the state's contribution. Construction will begin after the ongoing EIS has been completed.

Implementation Cost:

- | | |
|--|---------------------------------------|
| • Statewide Rail Infrastructure Improvement Program
(Funding source and Legislative enactment required) | \$3 - \$5 million/year |
| • New Orleans Rail Gateway Program | \$150 million
(State contribution) |

Implementation Schedule:

- The Statewide Rail System Program can begin in FY 10-11 if a revenue source can be secured and legislation enacted.
- The Feasibility Study for the Gateway Program has been completed and the Environmental Impact Statement is expected to be completed in 2012. Design can begin immediately thereafter pending funding availability, followed by right-of-way acquisition, utility relocation, and construction.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure.

Strategy: Invest in air cargo facilities as justified by market demand and opportunities.

Description of Issue or Opportunity:

Louisiana has a broad system of airports. There are 69 public facilities recognized by the Louisiana Department of Transportation and Development (LA DOTD) as system airports. These airports range in size and scope from large facilities serving commercial airlines to small strips accommodating aerial applicators and general aviation aircraft.

Air cargo transport typically takes place at commercial service airports, but may on occasion occur, on an ad hoc basis, at general aviation airports. Air cargo facilities and services can be expanded at any of the seven commercial service airports to address the needs of business and industry. Further, a number of the general aviation airports can be expanded to accommodate air cargo operations. An overview of air cargo capabilities and recent improvements at airports around Louisiana is summarized below.

In the northern most part of the state, Shreveport Regional Airport has expanded to a total of 96 thousand square feet of cargo warehousing. Over 56 thousand is currently used with 40 thousand ready for occupancy. A new ten acre ramp can handle even Air Bus class aircraft. An additional 40 acres is available for future warehousing. Four aviation mechanic schools in the area are attractive to air carriers who recognize the nationwide shortage of A and P licensed mechanics.

Monroe Regional Airport recently broke ground on a new \$34+ million terminal building. The influx of manufacturers, such as the V-Car, into the area and the rapid growth of local companies, such as Gardner Denver Pumps, in the airpark industrial complex are increasing the airports operations with parts shipments and passenger transport.

In the center of the state, the Alexandria International Airport has an aggressive approach to expanding its already significant cargo capability. A \$60 million north ramp expansion and \$6 million runway rehabilitation compliment a new \$52 million terminal. The airport is capable of handling large payloads of both people and cargo, military and civilian. The Master Plan calls for expansion that includes two 40 acre ramps and over 500 thousand square feet of warehouse, plus extending the runway from 9,350 to 12,000 feet. The airport is courting the area's florist and nursery industry in supporting trade with South America and Mexico.

The Baton Rouge Metropolitan Airport is expanding to be the Gulf Regional Support Center for Emergency Situations. A several hundred acre park is dedicated to staging emergency rescue and recovery equipment as well as housing for rescue/recovery crews. Normal operations include a 30 thousand square foot warehouse/hangar with over 221 thousand square feet of apron. A second warehouse is in development along with ramp expansion for wide body aircraft

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure.
Strategy: Invest in air cargo facilities as justified by market demand and opportunities.
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and a runway extension of 600 feet. Easy access is possible within one-half mile of I-110. The airport is supporting a growing demand for seafood and produce shipments.

The Lafayette Regional Airport is anticipating the completion of I-49 which will put the airport at the intersection of two major corridors to and from New Orleans to points west, north, and south. Major air cargo carriers are developing "sorting facilities" on the airport and will enjoy a ramp expansion capable of handling five 757s with taxiway tie-ins. The rapidly growing oil and gas technology specialty tools market is meeting the overnight demands of its Venezuelan customers through air freight shipments.

In the southwest part of the state, Chennault International Airport is one of the busiest general aviation airports in the country. Its active maintenance, repair, and retrofit industry draws a truly international clientele. As a former military base, its heavy weight 10,000+ feet concrete runway and massive apron are well suited for the diversity of aircraft being revamped. The airport's industry creates its own demand for air freight in and out. Across town the Lake Charles Regional Airport boasts of a brand new passenger terminal. It too is fostering a seafood and aircraft parts shipping capability.

The New Orleans Louis Armstrong International Airport is the state's largest airport. Having recovered from the devastation of Hurricane Katrina, the airport has returned to well over 85 percent of its pre-Katrina enplanements and continues a robust air cargo operation with major carriers, the Postal Service, and such diverse tenants as "Mr. Mud Bugs", which uses an on-site 15,000 square foot refrigerated facility for perishables. An on-site hotel is in the works as well as a new 1,000 space parking garage. The airport has unique capabilities served by a 40,000 pound loader for wide body cargo aircraft. Studies are underway to develop marketing opportunities for the airport and to identify operational enhancements.

Action Plan:

As stated above, air cargo facilities and services can be expanded at any of the seven commercial service airports in the state to serve the needs of business and industry. Further, a number of the general aviation airports can be expanded to accommodate air cargo operations.

Louisiana is the only state to provide 100 percent of the required match for federal funds and any other non-state funds. An Aviation Trust Fund of nearly \$30 million is used to capture \$90 million in federal funds for airport improvement projects, with a significant amount dedicated to "State-Only" projects covering the 62 general aviation and 7 air carrier airports.

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure.
Strategy: Invest in air cargo facilities as justified by market demand and opportunities.
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Public policy directly or indirectly related to air cargo is listed below:

- The LA DOTD Secretary instituted an "Intermodal Systems" philosophy into all future infrastructure planning to include airport accessibility, expansion, and economic development.
- The Governor has formed an airport authority to specifically explore opportunities for State support to the New Orleans airport.
- The Aviation Capital Improvement Program just passed by the legislature increases funding for the Aviation Trust fund to nearly \$30 million, with special sub-programs being added for economic development projects.
- A mini-summit for cargo airports, carriers, and shippers is being planned to specifically identify enhancements at the local level that the State can facilitate.
- LA DOTD has contracted a prominent consultant to recommend statewide zoning protections for airports and policy guidance for assisting with airport development.
- An Aviation Economic Impact Study is in progress to quantify aviation system economic impacts and to identify aviation marketing opportunities.
- The LA DOTD Aviation Section is working with the Department of Economic Development to identify funding sources for airport economic development opportunities, to include incentives, projects, and marketing.

Implementation Cost: LA DOTD has a dynamic list of 35 funded and 46 requested air carrier airport capital improvement projects worth over \$270 million. The recent three-fold increase in the state Aviation Trust Fund will significantly accelerate federal and state funding for these projects.

Implementation Schedule: The Capital Improvement Program is a five year projection of prioritized projects. Completion will depend on continued federal and state funding.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure

Strategy: Improve access to intermodal terminals

Description of Issue or Opportunity:

Improved access to intermodal terminals, particularly freight terminals, has been identified as a significant need in Louisiana and nationally. Highway and rail connections between mainline routes and intermodal facilities are often in poor condition, congested, and, in some cases, circuitous. Directional signing is also of concern in some locations. Poor access results in time delays and hampers the efficient transfer of freight and passengers. Highway connections to over twenty intermodal terminals, including ports, airports, and truck/rail facilities in Louisiana have received National Highway System (NHS) designation.

Action Plan:

Recognizing the need for a well connected, well integrated multimodal transportation system, the State is in the process of establishing an Intermodal Connector Program. The proposed FY 10-11 capital budget for the Louisiana Department of Transportation and Development (LA DOTD) includes \$10 million for this program. This may increase to \$12 million annually in the future depending on funding availability. For access facilities not owned by the State, local or private funds will be required as match for federal transportation funds.

Planning, preliminary engineering, right-of-way acquisition, utilities relocation, and construction are eligible under this program. The funding is primarily limited to those access facilities in the public domain or that will be brought within the public domain. However, along privately-owned access facilities, the removal or relocation of publically-owned physical obstructions that restrict vertical or horizontal clearance or the mitigation of social impacts such as the construction of grade-separated pedestrian facilities or modifying the local street network to eliminate at-grade crossings of the access facility are eligible for funding under this program. The intermodal facility being served does not have to be within the public domain but must be a transshipment facility as opposed to a processing, manufacturing, or industrial facility.

An LA DOTD Project Selection Team will review and prioritize candidate projects to develop a program for advancing projects through pre-construction and into construction. The Project Selection Team will consist of the following members:

- Assistant Secretary, Office of Planning and Programming – Chair
- Assistant Secretary, Office of Public Works and Intermodal Transportation
- Deputy Assistant Secretary, Intermodal Transportation Division
- Deputy Assistant Secretary, Office of Operations
- Project Management Director
- Administrator, Transportation Planning Section

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure
Strategy: Improve access to intermodal terminals
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Projects for which local governments or the private sector are willing to provide some of the funding, beyond any required match, will receive a higher priority. In addition to the factors outlined in state and federal law, other factors that will be considered are the importance of the intermodal terminal to the state, the volume of freight or passengers impacted by the access improvement, and the program funding required to complete the project.

Requests for projects located in an urban area with a population of 50,000 or greater should be submitted to the designated metropolitan planning organization (MPO) for that area. Requests for projects located outside of metropolitan areas may be submitted at the annual Legislative Public Hearings on the Highway Program or directly to the Administrator, Transportation Planning Section, LA DOTD.

Implementation Cost: \$10 million annually

Implementation Schedule: State Fiscal Year 2010-2011 (begins July 1, 2010)

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure

Strategy: Engage Metropolitan Planning Organizations/local officials in freight system planning and improvement

Description of Issue or Opportunity:

Since metropolitan areas are the largest destinations of freight and since most freight terminals are located in metropolitan areas, the consideration of freight movement in the local level planning process would be highly beneficial. Metropolitan Planning Organizations (MPO) are the means for cooperative transportation decision-making in urban areas with populations greater than 50,000 people. According to federal regulations, the MPO for each urbanized area is designated to carry out a continuing, cooperative, and comprehensive multimodal transportation planning process, including the development of a metropolitan transportation plan and a transportation improvement program (TIP), that encourages and promotes the safe and efficient development, management, and operation of surface transportation systems to serve the mobility needs of people and freight.

There are ten MPO areas in Louisiana (see attached listing and map). Each MPO is responsible for developing and carrying out a long-range plan. All MPOs have a Technical Advisory Committee. The MPO Technical Advisory Committee is comprised of local and state technical and professional personnel knowledgeable in the transportation field. In many of the MPOs, the freight representatives on the technical committees include members from the area's ports and airports. This committee is responsible for providing guidance and recommendations to the Transportation Policy Committee on transportation plans, programs, and projects. The Transportation Policy Committee is comprised of local elected officials and one representative of the Louisiana Department of Transportation and Development (LADOTD).

Given that private sector involvement is key to the success of freight planning efforts, special strategies are necessary to successfully engage the private sector. The MPOs need to become better acquainted with the private sector management of freight. Involving the private sector in metropolitan planning issues is beneficial to both the private sector and the metropolitan planning process. In some areas of the country, the MPOs have instituted Freight Advisory Committees. These committees can then collaborate to define lists of improvement projects.

Action Plan:

LADOTD will work with the MPOs to:

1. Facilitate discussion among freight stakeholders by creating Freight Advisory Committees or adding freight interests to the Technical Advisory Committees.
2. Educate the stakeholders concerning the planning process and MPOs.
3. Identify long-term and short-term needs.
4. Coordinate planning efforts between local officials and freight stakeholders.

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure
Strategy: Engage Metropolitan Planning Organizations/local officials in freight system planning and improvement

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LA DOTD will also host a National Highway Institute course on Transportation and Freight Planning to assist the MPOs. The course will:

1. Identify the stakeholders involved in freight transportation
2. Explain the role of different modes in freight transportation
3. Describe some trends affecting freight transportation, and their impact on the transportation system and communities
4. Discuss some of the common issues that prevent freight from being fully incorporated into the planning process
5. Identify key resources to help guide statewide and metropolitan freight planning efforts.

Implementation Cost: \$15,000 (funded through LA DOTD's budget)

Implementation Schedule:

1. Host Freight Planning course, March 2010
2. Assist MPOs with creation of Advisory Councils, July 2010
3. Assist Advisory Councils with identifying long-range and short-range needs, December 2010.

Group: Building a More Efficient and Reliable Freight Transportation Infrastructure
Strategy: Engage Metropolitan Planning Organizations/local officials in freight system planning and improvement


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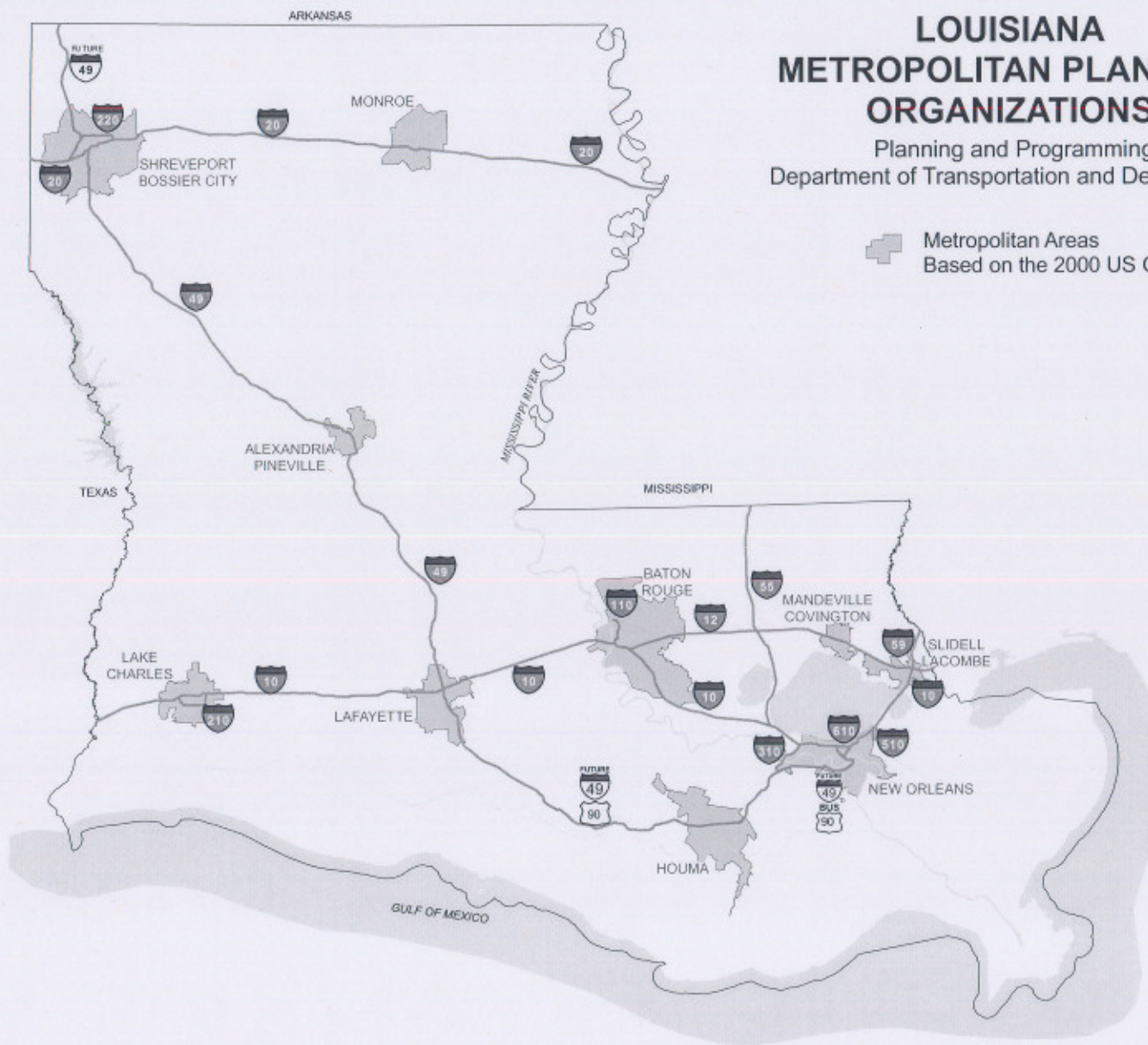
Metropolitan Planning Organizations in Louisiana

Alexandria MPO	Mr. John Miller, Jr. Executive Director Rapides Area Planning Commission P. O. Box 7586 Alexandria, LA 71306 318-487-5401 john@rapc.info	Mandeville/Covington MPO	Mr. Walter Brooks Executive Director Regional Planning Commission 1340 Poydras Street, Suite 2100 New Orleans, LA 70112 504-568-6621 wbrooks@norpc.org
Baton Rouge MPO	Mr. Don Neisler Executive Director Capitol Region Planning Commission P. O. Box 3355 Baton Rouge, LA 70821 225-383-5203 dneisler@brgov.com	Monroe MPO	Mr. David A. Creed Executive Director North Delta Regional Planning & Development District, Inc. 1913 Stubbs Avenue Monroe, LA 71201 318-387-2572 david@northdelta.org
Houma/Thibodaux MPO	Mr. Kevin P. Belanger CEO South Central Planning & Development Commission P. O. Box 1870 Gray, LA 70359 985-851-2900 Kevin@scpdc.org	New Orleans MPO	Mr. Walter Brooks Executive Director Regional Planning Commission 1340 Poydras Street, Suite 2100 New Orleans, LA 70112 504-568-6621 wbrooks@norpc.org
Lafayette MPO	Mr. Tony Tramel Director of Transportation Lafayette Consolidated Government P. O. Box 4017-C Lafayette, LA 70502 337-291-8545 ttramel@lafayettegov.net	Shreveport MPO	Mr. Kent Rogers Executive Director Northwest Louisiana Council of Governments 401 Market St., Suite 460 Shreveport, LA 71101 318-841-5950 kent.rogers@nlcog.org
Lake Charles MPO	Mr. James E. Porter Executive Director Imperial Calcasieu Regional Planning & Development Commission P. O. Box 3164 Lake Charles, LA 70601 337-433-1771 james@imcal.org	Slidell MPO	Mr. Walter Brooks Executive Director Regional Planning Commission 1340 Poydras Street, Suite 2100 New Orleans, LA 70112 504-568-6621 wbrooks@norpc.org

LOUISIANA METROPOLITAN PLANNING ORGANIZATIONS

Planning and Programming
Department of Transportation and Development

 Metropolitan Areas
Based on the 2000 US Census



Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Financing Improvements for Louisiana's Freight Transportation System

Strategy: Implement LA DOTD's 7-year capital investment plan

Description of Issue or Opportunity:

The revenue sources presently available for state transportation investments are outlined below:

State Transportation Trust Fund (TTF)

- State Fuel Tax (16 cents – regular, 4 cents – TIMED*)
- Auto Registration Fees
- Truck Permit Fees
- Ferry Tolls
- CCCD** Tolls (must be used for bridge and ferries)
- Aviation Fuel Sales Tax – dedicated to State Aviation Program

Truck Registration Fees

- Dedicated to NFA Routes (i.e., routes not eligible for federal highway funds)
- Phased in over 4 years, accelerated to 3 years, FY 09-10 at 100%

Vehicle Sales Tax

- Phased in 7 over years, FY 08-09 was 1st year, FY 14-15 is 7th year
- Suballocations to Mobility Fund, Ports, and Highway Capacity Projects

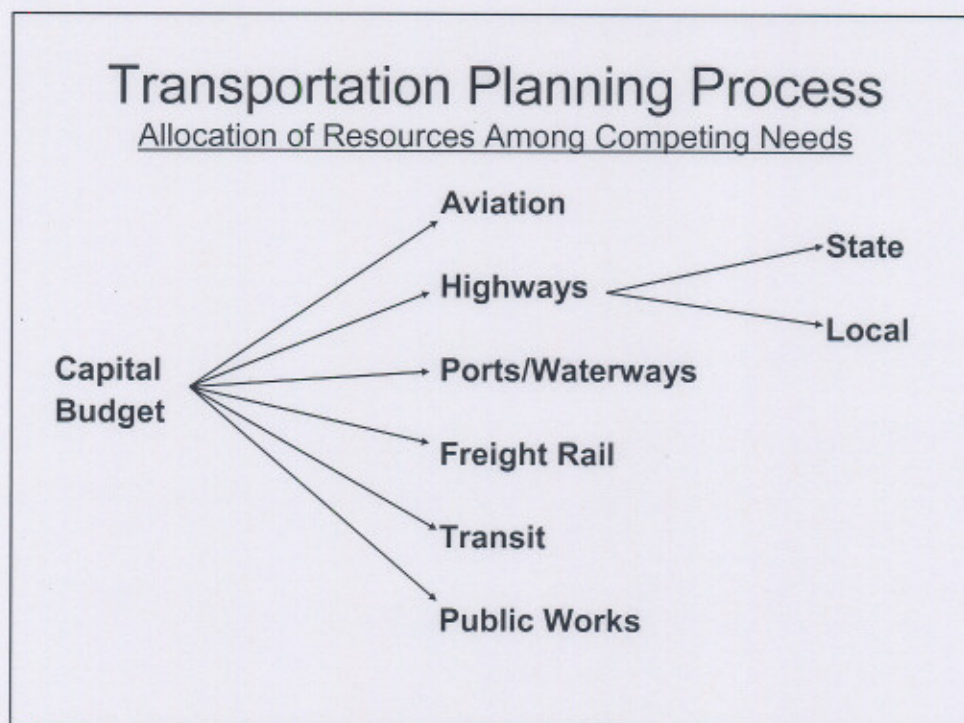
Federal Funds

- Federal Highway Formula – comes in various categories (e.g. IM, Bridge, Safety, etc)
- Federal Transit – LA DOTD controls only a small part
- Federal Aviation – controlled by FAA

Earmarks

- State Bonds/Cash earmarked by Legislature
- Federal Funds earmarked by Congress
 - *TIMED = Transportation Infrastructure Model for Economic Development – a program of 16 projects funded through a dedicated fuel tax of four cents per gallon.
 - **CCCD = Crescent City Connection Division – a toll authority for one of the main Mississippi River crossings in the New Orleans Metropolitan Area

The transportation planning process employed by the Louisiana Department of Transportation and Development (LA DOTD) involves numerous forecasts, complex technical analyses, and extensive public and stakeholder involvement. The process culminates in decisions regarding the allocation of resources among competing needs as illustrated in the figure below. Within modes, the suballocation of funds to various programs is often necessary to achieve objectives.



LA DOTD has recently updated the financial forecasts and cost estimates from the Louisiana Statewide Transportation and Infrastructure Plan (LSTIP) and, in doing so, has prepared a seven-year capital investment plan to coincide with the seven-year phased dedication of the vehicle sales tax to transportation.

The details of the Plan are included on the attached spreadsheet and are summarized below:

	Investment in Millions			
	<u>FY 06-07</u>	<u>FY 08-09</u>	<u>FY 10-11</u>	<u>FY 14-15</u>
Highway Preservation	\$300	\$355	\$407	\$503
Highway Operations	33	53	60	71
Highway Safety				
- Regular	28	32	40	60
- Hwy/Rail Crossings	9	9	14	17
Highway Capacity	109	109	38	137
Public Transportation	0	0	22	22
Port Priority Program	20	22	28	47
Airport Priority Program	8	8	30	30
Freight Rail	0	0	0	0
Intermodal Connectors	0	0	10	10
Increased Support for DOTD Districts	0	0	25	35
Local Government Assistance (fed programs)	51	55	75	84

Group: Financing Improvements for Louisiana's Freight Transportation System
Strategy: Implement LA DOTD's 7-year capital investment plan
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In December 2008, the phase-in of the vehicle sales tax dedication was suspended due to a decrease in State General Fund revenues. In addition, reductions in revenue estimates indicate that regular transportation funds will be needed for debt service on the TIMED program of projects. These two setbacks threaten progress on significantly improving the transportation system in Louisiana.

Action Plan:

The LA DOTD will be seeking State General Fund Bond proceeds to keep the seven-year capital investment plan on track until the phase-in of the vehicle sales tax resumes (earliest estimate is FY 13-14) or some other source of revenue can be secured. State General Fund Surplus funds were appropriated by the Louisiana Legislature as a substitute for sales tax revenues in FY 08-09 and FY 09-10; therefore, the first year in which State General Fund Bond proceeds will be needed is FY 10-11.

Implementation Cost:	\$101 million for FY 10-11
	\$174 million for FY 11-12
	\$259 million for FY 12-13
	\$ 19 million for FY 13-14 (TIMED debt service only)

Implementation Schedule:	State General Fund Bond requests will be submitted each November for the subsequent fiscal year in accordance with state law.
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Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Financing Improvements for Louisiana's Freight Transportation System

Strategy: Focus State resources on the transportation system most important for freight movement, tourism, and business travel

Description of Issue or Opportunity:

As a substitute for, or as a supplement to, funding from traditional or innovative sources, one policy option is to focus available resources on the components of the transportation system that are most important to Louisiana's economy, namely, those that serve a significant role in freight movement, tourism, and business travel. In considering such a policy, it is necessary to begin with a review of the State's role in transportation, particularly the highway system, which is to:

- Ensure that Louisiana is well connected with the rest of the country and the world.
- Provide for the movement of people, goods, and services between and through urban areas.
- Maintain a basic farm-to-market network in rural areas.

The State presently owns over 27 percent of the public road mileage in Louisiana. The national average is approximately 19 percent. Relevant statistics for each state are shown below. Only nine states own a higher percentage of public road miles than Louisiana and only 10 states have larger state highway systems.

STATE-OWNED MILEAGE

STATE	STATE OWNED MILEAGE	TOTAL MILEAGE	PERCENT STATE OWNED	RANK
New Jersey	2328	38,563	6.04%	1
Kansas	10366	140,378	7.38%	2
Iowa	8909	114,084	7.81%	3
Massachusetts	2830	35,937	7.87%	4
Michigan	9696	121,720	7.97%	5
Washington	7041	83,255	8.46%	6
North Dakota	7385	86,841	8.50%	7
California	15235	170,287	8.95%	8
Minnesota	11926	132,309	9.01%	9
South Dakota	7843	84,228	9.31%	10
Florida	12070	121,995	9.89%	11
Wisconsin	11772	114,484	10.28%	12

Colorado	9109	88,022	10.35%	13
Idaho	4959	47,102	10.53%	14
Nebraska	9956	93,378	10.66%	15
Oklahoma	12286	113,084	10.86%	16
Arizona	6813	60,373	11.28%	17
Alabama	10978	96,523	11.37%	18
Illinois	16083	138,995	11.57%	19
Indiana	11183	96,251	11.62%	20
Oregon	7531	64,354	11.70%	21
Utah	5848	43,767	13.36%	22
New York	15548	113,616	13.68%	23
Montana	10781	73,151	14.74%	24
Mississippi	10970	74,407	14.74%	25
Tennessee	13836	91,420	15.13%	26
Georgia	17911	118,202	15.15%	27
Ohio	19264	125,103	15.40%	28
Nevada	5381	33,703	15.97%	29
Maryland	5149	31,097	16.56%	30
Arkansas	16432	99,005	16.60%	31
Rhode Island	1103	6,526	16.90%	32
Connecticut	3715	21,248	17.48%	33
Vermont	2634	14,407	18.28%	34
New Mexico	11993	63,795	18.80%	35
Hawaii	929	4,331	21.45%	36
Wyoming	6752	27,834	24.26%	37
New Hampshire	3980	15,644	25.44%	38
Texas	79849	305,273	26.16%	39
Missouri	33680	127,203	26.48%	40
Louisiana	16687	60,927	27.39%	41
Pennsylvania	39842	121,291	32.85%	42
Kentucky	27529	78,232	35.19%	43
Maine	8547	22,782	37.52%	44
Alaska	5674	14,786	38.37%	45
South Carolina	41429	66,241	62.54%	46
North Carolina	79068	103,500	76.39%	47
Virginia	57480	72,330	79.47%	48
Delaware	5275	6,178	85.38%	49
West Virginia	34089	37,055	92.00%	50
U.S. Total	777,674	4,015,217	19.37%	

Source: Highway Statistics 2006, Table HM-50

Group: Financing Improvements for Louisiana's Freight Transportation System
Strategy: Focus State resources on the transportation system most important for freight movement, tourism, and business travel

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Louisiana's state highway system is comprised of the following classifications. Interstate highways are the highest order facilities whereas roadways classified as Rural Local and Urban Local are the lowest order facilities.

<u>Rural System</u>		<u>Urban System</u>	
	<u>miles</u>		<u>miles</u>
Interstate	534	Interstate	361
Principal Arterial	981	Other Freeway	60
Minor Arterial	1,584	Principal Arterial	894
Major Collector	4,667	Minor Arterial	1,217
Minor Collector	2,968	Collector	811
Local	<u>2,466</u>	Local	<u>140</u>
Subtotal	13,200	Subtotal	3,483

State Highway System = 16,683 miles (July 2009)

Action Plan:

A proposal is being developed to transfer approximately 5000 miles of state-owned roads to parish and city governments. Such a transfer will bring Louisiana's percentage of state-owned public road mileage in line with the national average of approximately 19 percent. In preparing the transfer proposal, the following principles are being employed:

- The State should not be maintaining neighborhood streets in urban or rural areas (i.e., roads classified as Rural Local or Urban Local).
- State mileage should be inversely proportional to parish population. The reason for this is that as population increases, farming activity decreases, and therefore the need for a farm-to-market network decreases. Former rural roads become urban and suburban streets and should be incorporated into parish and city street grids. As an area urbanizes, the tax base grows thereby enabling local governments to assume greater responsibility in addressing transportation needs.
- In urban areas, the state system should consist only of roads that serve a significant interurban function. Intraurban travel needs are best served by local governments even if the streets have high traffic volumes.

The preparation of a transfer proposal affords the opportunity to rectify some of the current inequity in the distribution of state mileage among parishes. One parish has over 550 miles of state highway whereas another has less than 65 miles. While the geographic size of the parish, the intercity travel network, as well as the extent of the farm-to-market network needed must be accounted for, the imbalance in the present distribution of state highway mileage among the parishes is glaring. Therefore, the following mileage and density criteria have been established:

Group: Financing Improvements for Louisiana's Freight Transportation System
Strategy: Focus State resources on the transportation system most important for freight movement, tourism, and business travel

Page 4 of 4

Mileage Criteria

- Maximum state mileage in any parish = 300 miles
- Maximum state mileage in parishes with population > 100,000 = 250 miles
- Maximum state mileage in parishes with population > 200,000 = 200 miles
- Maximum state mileage in parishes with population > 300,000 = 150 miles

- Minimum state mileage in any parish = 50 miles

Density Criteria

- No more than 5 miles of state highway per 10 square miles of parish geographic area
- No less than 1 mile of state highway per 10 square miles of parish geographic area

It would be unfair to transfer approximately 5000 miles to the parishes and cities without compensation. Therefore the transfer proposal must include an increase in the Parish Transportation Fund equivalent to the State's current routine maintenance costs for the roads being transferred. Further, any road classified as "poor" by LA DOTD criteria would have to be improved prior to transfer or just compensation provided to the receiving local government. In addition, federal funds for the Off-System Bridge and Local Road Safety Programs will need to be increased. Lastly, LA DOTD will likely establish a federally-funded Local Road Congestion Relief Program to assist parishes and cities in addressing these needs.

It should be noted that the current distribution formula for Parish Transportation Fund monies does not require suballocation to municipalities within each parish. This has been a long-standing complaint by municipal governments and should be rectified as part of the transfer proposal..

A reduction in state mileage will allow capital resources to be focused on the remaining highway system as well as the components of other modal systems most important to freight movement, tourism, and business travel.

Implementation Cost: Revenue neutral. The Parish Transportation Fund and several local government capital assistance programs would gradually be increased as mileage is transferred.

Implementation Schedule: Legislation requiring the transfer will need to be enacted in the 2010 Regular Session of the Louisiana Legislature. To ensure an orderly process, the actual transfer could be structured to occur over a five-year period with no more than 100 miles transferred within any parish in a given year.

Strategic Plan for Enhancing the Freight Transportation System in Support of Business Retention and Expansion in Louisiana

Group: Financing Improvements for Louisiana's Freight Transportation System

Strategy: Pursue opportunities for public-private partnerships

Description of Issue or Opportunity:

As traditional transportation revenues have not kept pace with inflation, nor has the public supported tax increases at the state level to fund transportation, interest in public-private partnerships has increased. Public-private partnerships involve shared risk between government and the private sector in providing transportation infrastructure and services. The most common example is toll roads wherein the public shares in the cost of initial construction and the private sector operates and maintains the facility and collects tolls sufficient to cover annual expenses and to recoup the initial investment with a suitable rate of return. Public-private partnerships are by no means limited to highways or even transportation. States often utilize economic development funds to attract private investment based on the benefits accrued to the public.

Action Plan:

Act 1017 of the 1997 Regular Session of the Louisiana Legislature granted authority to parishes and municipalities to establish toll authorities for the purpose of pursuing public-private partnerships to construct highways, transitways, bridges, or tunnels.

The Louisiana Transportation Authority (LTA) was established through Act 1209 of the 2001 Regular Session to pursue alternative and innovative funding sources, including but not limited to public-private partnerships and tolls to supplement public revenue sources and to improve Louisiana's multimodal transportation system. The LTA resides within the Louisiana Department of Transportation and Development and is governed by a board of directors comprised of the following members:

1. Governor or his designee
2. Secretary of the Louisiana Department of Transportation and Development or his designee, Chairman of the Board
3. Secretary of Louisiana Economic Development or his designee
4. President of the Louisiana Senate or his designee
5. Speaker of the Louisiana House of Representatives or his designee
6. Chairman of the Senate Committee on Transportation, Highways and Public Works or his designee
7. Chairman of the House Committee on Transportation, Highways and Public Works or his designee
8. One director appointed by the Governor from the membership of the Louisiana Planning Council
9. One director appointed by the Governor from the state at large and representative of Louisiana business and industry

Group: Financing Improvements for Louisiana's Freight Transportation System
Strategy: Pursue opportunities for public-private partnerships
Page 2 of 3

In 2006, the Louisiana Legislature enacted comprehensive public-private partnership (PPP) legislation through Act 304 of the Regular Session. The legislation establishes the conditions under which, and the process for, State consideration of a PPP. The LTA may issue a request for proposals for a particular project. Once proposals are received, they are evaluated by the LTA and a final selection is made based on the best value to the state. Unsolicited proposals may also be submitted to the LTA. In these cases, following initial evaluation, the State must provide 90 days for competing proposals. The legislation has no restriction with regard to mode.

Also in 2006, the Legislature created the Transportation Mobility Fund through Act 685 of the Regular Session. The legislation established a mechanism through which the state could provide up to 50 percent of the funding required for transportation facilities in partnership with private entities. In 2008, the statute was amended to restrict Transportation Mobility Fund monies exclusively to final design and construction.

Act 11 of the 2008 Second Extraordinary Session, dedicated the sales tax on new and used motor vehicles to transportation over a seven-year period. Seven percent of these revenues are dedicated to the Transportation Mobility Fund. In December 2008, the transfer of the vehicle sales tax was suspended due to a decline in revenues in the State General Fund. Thus the current balance in the Transportation Mobility Fund is \$0.00.

In summary, the State has established an official entity, the Louisiana Transportation Authority, with the authority to engage the private sector in PPPs. Further, a mechanism, the Transportation Mobility Fund, has been established to provide public funding for PPPs; however, that mechanism has not been capitalized to date.

The State has also established several economic development programs and incentives to attract private investment. All Louisiana Economic Development incentives and programs represent public-private partnerships in that they are designed to expand, retain, and grow Louisiana businesses using State-sponsored assistance.

Among the State's programs and incentives are infrastructure-specific programs like the Economic Development Awards Program (EDAP), which provides funding for access roads, rail spurs, etc. to business and industry based upon job creation and estimates of future tax revenues generated as a result of the project. EDAP was funded at \$7.2 million in state FY 09-10.

For very large projects, the LED-administered Mega Project Development Fund is engineered to accommodate major business expansion, retention and recruitment opportunities that will produce either 500 direct jobs in Louisiana or a direct investment of \$500 million in the State. Either of these sources can be used to fund transportation projects contingent upon the required return on investment.

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Strategy: Pursue opportunities for public-private partnerships
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Implementation Cost: A revenue stream needs to be secured for the Transportation Mobility Fund; other programs are already funded.

Implementation Schedule: All programs are in place and underway